Daily Report

Latin America

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Cuba

Revolution Celebration Arrivals, Messages

SWAPO's Nujoma Arrives

FL3012130088 Havana Tele-Rebelde Network in Spanish 1200 GMT 30 Dec 88

[Text] Sam Nujoma, president of the South-West African People's Organization, SWAPO, is in our country on the occasion of the 30th anniversary of the Cuban Revolution. Upon his arrival, Nujoma analyzed the imperialists' current maneuvers in an attempt to delay the implementation of UN Resolution 435. [Video shows Nujoma arriving at airport, being greeted by PCC Politburo member Jorge Risquet and a group of young people who are singing and dancing]

[Begin Nujoma recording, in English with simultaneous Spanish translation] At this time I would like to extend salutations and congratulations to the PCC Central Committee led by Comrade Fidel Castro and the Armed Forces of the Republic of Cuba, who created the conditions favorable to the signing of the peaceful agreement and solution that [words indistinct] the implementation of UN Resolution 435.

The Armed Forces of Cuba entered into action side by side and shoulder to shoulder with the FAPLA [People's Armed Forces for the Liberation of Angola] forces and the National Angolan Army. Also, we in SWAPO, the combatants of the People's Liberation Army of Namibia, SWAPO's military wing, participated in the decisive battle of Cuito Cuanavale, which defeated the South African racist armed forces and (?led) the South African regime to accept the negotiations.

So, we are now ready to fight the South African racists in the next battle, which is elections in Namibia. We have no doubt that the Namibian people will vote for SWAPO, (?which fought) for liberation for the last 22 years. We say the struggle continues always toward victory. [end recording]

Delegations, Leaders Noted

FL3012144888 Havana Radio Progreso Network in Spanish 1200 GMT 30 Dec 88

[Text] DPRK Vice President Pak Song-chol is traveling to our country to attend the festivities marking the 30th anniversary of the Revolution.

An Ethiopian delegation is also on its way to Cuba for the same purpose. The delegation is headed by Vice President Fisseha Desta. He is carrying a message from Ethiopian leader Mengistu Haile Mariam for President Fidel Castro.

It was reported that Colonel Ahmad Salih 'Ubayd, defense minister from the People's Democratic Republic of Yemen, also arrived in Cuba to participate in the celebrations.

Other delegations that arrived in the Cuban capital in the last hours are from Angola and Sao Tome and Principe, headed by top-level leaders (Dino Metros) and (Romao Pereira), respectively.

Cape Verde Foreign Minister Silvio da Luz arrived and was welcomed by his counterpart Isidoro Malmierca.

It was reported in Quito that President Rodrigo Borja will be represented in the Cuban festivities by Washington Herrera, secretary general of public administration.

Maichantan Snegmani, high-level Lao leader, is heading his country's delegation.

It was reported in Spain that Fransico Palero, secretary of international relations of the Spanish Communist Party, will come to Cuba.

USSR Marks Anniversary

FL3012154588 Havana Tele-Rebelde Network in Spanish 1200 GMT 30 Dec 88

[Text] The 30th anniversary of the triumph of the Cuban Revolution has been marked in the USSR with a ceremony held at the Columns Hall of the Palace of Soviet Workers Unions. Yegor Ligachev, member of the Politburo of the CPSU, presided over the event.

Lieutenant General Vladimir Shatalov, president of the Cuban-Soviet Friendship Society, noted that Cuba's international authority has grown considerably and said that our revolution's rational policy aimed at strengthening socialism and proletarian internationalism is finding great support among all progressive forces of the planet.

Julio Camacho Aguilera, member of the PCC Politburo and Cuban ambassador to the USSR, thanked the Soviet people for the constant and disinterested help given to our revolutionary process during all these years.

Machado, GDR's Sindermann Meet

LD0101115789 East Berlin ADN International Service in German 0921 GMT 1 Jan 89

[Text] Havana, (ADN)—The fundamental agreement of the two parties and states on the main issues of international politics has been affirmed by Horst Sindermann, member of the SED Central Committee Politburo, deputy chairman of the Council of State, and president of the GDR People's Chamber, and Jose Ramon Machado, member of the Politburo, secretary of the Cuban Communist Party Central Committee, and deputy chairman of the Council of State. Horst Sindermann, head of the

GDR party and state delegation, which is in Cuba for the 30th aniversary of the revolution's victory, was received for a friendly talk by Jose Ramon Machado in Havana on Saturday.

The two politicians expressed their full support for the latest Soviet disarmament initiative submitted by Mikhail Gorbachev at the United Nations. The new unilateral concessions by the Soviet Union and the other Warsaw Pact states testifies to the seriousness and determination to implement socialism's peace program. All the opportunities for consolidating international security, for a change toward disarmament and detente, should be used. A change for the better, the two politicians emphasized, would also influence positively the preconditions for setting up a new international economic order and for solving global problems such as hunger and underdevelopment. Essential preconditions for further results on the way toward a comprehensive amelioration of the international situation are regard for sovereignty, territorial integrity, and noninterference in the internal affairs of other states.

Horst Sindermann praised the internationalist policy of the fraternal Cuban party. Cuba's work, rooted firmly in principles and yet flexible, is effectively influencing the search for political solutions to dangerous areas of conflict such as in southern Africa and Central America. The two sides expressed their full support for the just struggle of Nicaragua and for the patriots of El Salvador. The GDR and Cuba will also in the future support all initiatives leading to a just political settlement in the interest of the peoples.

During an exchange of views on bilateral cooperation, both sides noted that the comprehensive cooperation between the two parties and states and the steady and trustful exchange of experiences on fundamental issues of socialist construction in Cuba and the GDR represent a sound foundation for the further deepening of fraternal relations. The friendship and cooperation treaty of 1980 has proved itself in reality and opened up significant prospects in all areas.

The GDR politician said that the SED and the GDR people in the future will also stand in solidarity by the side of the Cuban class brothers in strengthening socialism and in the steadfast defense of their revolutionary achievements.

Iraqi Delegation Visits

JN0101124589 Baghdad INA in Arabic 1210 GMT 1 Jan 89

[Text] Havana, 1 Jan (INA)—The Iraqi delegation of the Arab Socialist Ba'th Party [ASBP], which is currently visiting Cuba to participate in the celebrations marking the 30th anniversary of the Cuban Revolution, held a meeting here today with a delegation of the Communist Party of Cuba. The meeting was attended on the Iraqi side by Mizban Khadr Hadi, ABSP Regional Command member; the director of the External Relations Department at the ABSP National Command; and a number of delegation members. On the Cuban side the meeting was attended by Dr Alvarez Cambras and Dr Puentes Rodolfo, Central Committee members of the Communist Party of Cuba, and a number of Cuban delegation members.

The ASBP Regional Command member explained the nature of Iraqi-Cuban relations and their imortance in disseminating peace in the world. He also affirmed the need to develop them in a manner that will serve common interests and bolster their role in international policy in the interests of peoples to help them attain their freedom and independence.

The two Central Committee members of the Communist Party of Cuba paid tribute to Iraq's policy and its role in international relations. They praised the special relations binding the two states and stressed the need to develop them in the service of peace. Furthermore, they praised Iraq's steadfastness and victories attained both through Iran's acceptance of the cease-fire and its agreement to enter into negotiations with Iraq. They also paid tribute to the personality of His Excellency President Saddam Husayn and to his ability to lead political action and maintain ever-growing relations with the world.

CSSR's Jakes Arrives

FL0201132989 Havana Radio Rebelde Network in Spanish 1305 GMT 2 Jan 89

[Report by Douglas Fernandez from Jose Marti International Airport—live]

[Text] A plane has just arrived here from Prague, capital of the CSSR, which has brought Milos Jakes, general secretary of the Czechoslovak Communist Party [CPCZ], to our country. Also on the plane is Miroslav Stepan, member of the CPCZ Central Committee, and other representatives of the Czechoslovak Government.

They were received at the Jose Marti International Airport in Rancho Boyeros by Carlos Rafael Rodriguez, vice president of the Cuban Council of State and member of the PCC Politburo, and Jorge Risquet, member of the PCC Politburo, as well as other leaders of the Cuban Councils of State and Ministers.

Also present to receive Milos Jakes, who was invited by the PCC Central Committee to participate in the festivities marking the 30th anniversary of the Cuban Revolution, is Czechoslovak Ambassador to Cuba Stanislav Svoboda.

As I was saying, Milos Jakes arrived here just a few seconds ago at the Jose Marti International Airport in Rancho Boyeros in Havana City where it is approximately 20 degrees Celsius. The relative humidity is at 95 percent.

This is the welcome offered by Carlos Rafael Rodriguez, vice president of the Council of State and member of the PCC Politburo, to Milos Jakes, secretary general of the CPCZ, who is heading his party's delegation. I repeat, the Czechoslovak delegation will participate in the festivities marking the 30th anniversary of the triumph of the Revolution.

Visiting Groups Identified

FL0201162189 [Editorial Report] Havana Radio Progreso Network in Spanish at 1200 GMT on 2 January reports that "several personalities from different parts of the world have continued to arrive in Cuba during the past few hours to attend the main events marking the 30th anniversary of the triumph of the Revolution."

Among those that have arrived, continues the report, are Kazimierz Barcikowski of the Polish United Workers Party, deputy chairman of the Polish Council of State; Xuan Bach, member of the Politburo and secretary of the Vietnamese Communist Party; (Ilado Huston), member of the Politburo of the Revolutionary Party of the People of Benin; and Moses Kikongo, deputy chairman of the National Resistance Movement of Uganda.

Havana Tele-Rebelde Network in Spanish at 1400 GMT on 2 January adds that other "important foreign delegations" have arrived including one headed by "Ivica Racan, member of the Presidium of the League of Communists of Yugoslavia, who was welcomed upon arrival by Ricardo Cabrisas, Cuban foreign trade minister, and Rafael Polanco, first deputy chief of the General Department of Foreign Relations of the PCC Central Committee." "(Mohamed Becksa), member of the Permanent Secretariat of the Constitutional Democratic Rally of Tunisia, and Ahmed Ghezal, Tunisian ambassador to the United Nations and Cuba, also recently arrived," continues the same report. The Tele-Rebelde report ends by adding that a PLO delegation has also arrived "and it is headed by Sulayman al-Najjab, member of the PLO Executive Committee."

Nicaragua's Ortega Cited

FL0201151189 Havana Radio Progreso Network in Spanish 1200 GMT 2 Jan 89

[Text] In Managua, Nicaraguan President Daniel Ortega has made exclusive remarks to PRENSA LATINA in which he affirms that the 30th anniversary of the Cuban Revolution is proof of our people's firm determination to defend profound social change while being so close to the United States and suffering the empire's sudden attacks.

More Arrivals Noted 3 Jan

FL0301032389 Havana Television Service in Spanish 0100 GMT 3 Jan 89

[Text] A delegation of the Hungarian Socialist Workers Party [MSZMP] was among the several that arrived in Cuba this morning. The delegation is headed by Istvan Szabo, member of the MSZMP Central Committee Politburo and chairman of the National Cooperatives Council, who was received by Julian Rizo, alternate member of the PCC Central Committee Politburo and member of the Secretariat.

Minutes earlier, the delegation of the Frente Amplio of Uruguay Party arrived in our capital, also invited to the festivities marking the 30th anniversary of the triumph of our Revolution. Manuel Pineiro, member of the PCC Central Committee and chief of the America Department, welcomed the entourage which is headed by Jaime Perez, secretary general of the Uruguayan Communist Party; Reynaldo Gargano, secretary general of the Socialist Party of Uruguay; and Raul Sendic, leader of the Tupamaros Movement. The delegation will remain in our country until 7 January.

Just a few minutes later, the secretary general of the International Organization of Journalists, (Dusan Ulcac), arrived at the aiport. Jorge Risquet Valdes, member of the PCC Central Committee Politburo, and Julio Garcia Luis, president of the Union of Cuban Journalists, welcomed the visitor. Ulcac came to our country with the Czechoslovak Communist Party delegation.

U.S. Efforts 'Failed' To Eliminate Revolution

FL3012223788 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Dec 88

[Station commentary]

[Text] Perhaps never before today have the ideologues of the empire unleashed such a rude and miserable anti-Cuban campaign. Not even during situations that caused the most serious tension, as rare as they may have been, have the imperialist spokesmen exhibited so much fear, demonstrated so much hate, been so defaming, and slandered so grossly. They have even added, in all areas, their most-advanced peons to this shame.

Why are they doing this when the revolution is about to mark its 30th year of existence? This can be answered simply. It is because the United States has failed in its attempts to eliminate the revolution. In the long run, the United States will have to resign itself to the presence of the revolution and the social system it represents.

The Cuban Revolution, despite its many difficulties, will never open the gap to the empire to undermine it because, in conclusion, Cuba today is the only country in the continent with a true future.

The revolution swept away forever tyrannical governments, the great thieves of the public treasury, misery, ignorance, illness, and the lack of schools, hospitals, and doctors. It also swept away unemployment, prostitution, and racial discrimination. It has elevated each man, woman, child, and elderly person in the country to a worthy life.

In performing this task, the revolution had to face subversive plans, mercenary invasions, political isolation, a blockade, attempts to assassinate revolutionary leaders, and sabotage.

This is where the fear of the empire and its faithful servants comes from.

A few years ago, Fidel said the following to U.S. Congressman Mervyn Dymally: If the United States one day changes its policy toward Cuba and the public has the opportunity to learn the truth, it will have to be done on the basis of their ability to appreciate that neither the people of Cuba nor Castro are opportunistic people, people who change flags, who can be bought. If one day they become our friends or if they learn to appreciate the revolution and those who have allowed to make it possible, it will have to be on the basis of respect and an honorable concept about our country. As I already said, no one respects those who are bought.

Castro Attends Officer Promotion Ceremonies

Rank of General Awarded

FL3112160088 Havana Tele-Rebelde Network in Spanish 1400 GMT 31 Dec 88

[Text] Commander in Chief Fidel Castro, first secretary of the PCC Central Committee and president of the Councils of State and Ministers, last night attended the solemn ceremony for the promotion of a group of FAR officers to the rank of general.

The ceremony was held in the Ministry of the FAR building at Revolution Square. It was also attended by Division General Raul Castro, other PCC Central Committee Politburo and Secretariat members, FAR and MININT [Ministry of the Interior] generals, and other guests.

Our commander in chief presented the insignia for army corps general to Abelardo Colome Ibarra and the insignia for division general to Romarico Sotomayor, Jesus Bermudez Cutino, and Ramon Pardo Guerra. The corresponding epaulettes for brigadier general were given to Efigenio Ameijeiras Delgado, (Antonio Enrique Luzon Batle), (Lino Carrera Rodriguez), Jorge Fernandez Marrero, Jose Mesa Delgado, Tomas Benites Martinez, (Carlos Lama Rodriguez), and Ramon Andollo Valdes.

The promotion for this group of prestigious FAR combatants was held as a salute to the 30th anniverary of the triumph of the revolution, after the consideration of their accomplishments during the liberation war, and for their achievements in building the military, as well as for their fulfillment of internationalist missions. The ceremony also praised the achievements of those promoted during combat preparation and the readiness of the FAR and the whole nation, as well as its unlimited loyalty to the party and revolution.

The oath of the promoted officials was read by Brigadier General Efigenio Ameijeiras Delgado.

[Begin Ameijeiras recording] Upon receiving the first rank of (?higher) officer of our glorious FAR, we are aware of the high honor and of the great responsibility that this signifies, and of the sacred obligations we assume with the fatherland. We swear to defend with courage the great work of the revolution and its most precious conquests and to be loyal, up to the ultimate consequences, to the Communist Party, to the ideology of the working class, to socialism, and to our unconquered Commander in Chief Fidel Castro Ruz. [applause] [end recording]

As he spoke to the recently promoted officers, Fidel said that the promotion holds special significance because it is held during the celebration of the 30th anniversary of the revolution and at a time when one of the most beautiful, heroic, and courageous pages of internationalism have just been written in the beautiful Republic of Angola.

7 FAR Combatants Decorated

FL0201185189 Havana Tele-Rebelde Network in Spanish 1414 GMT 2 Jan 89

[Text] Commander in Chief Fidel Castro Ruz, first secretary of the PCC Central Committee and president of the Councils of State and Ministers, has presided over the solemn ceremony presenting the Heroes of the Republic of Cuba Award to seven combatants of our glorious FAR.

[Begin Castro recording] The Council of State of the Republic of Cuba has approved the corresponding agreements allowing for the bestowal of the honorary title of Hero of the Republic of Cuba and other decorations in recognition of the extraordinary merits of seven children of our people whose exemplary lives represent the highest revolutionary ideals. [Video shows Castro pinning medals on each of the men as their names are read while his voice can be heard in the background reading the statement]

Division General Ulises Rosales del Toro, who from his adolescence joined the fight against the tyranny, has bravely fulfilled several difficult internationalist missions and has given the best of his intelligence to strengthen our FAR and the defense of the fatherland.

Division General Leopoldo Cintra Frias, who has been part of the revolution since the early days of the Guisa battle and even before, and of the internationalist fights in Angola and Ethiopia, has demonstrated his bravery, intelligence, and decision on countless times. To his exemplary modesty is added the virtue of a brilliant military chief.

Division General Ramon Espinosa Martin participated in the insurrection and continues up to now, with his uninterrupted dedication, to support the revolutionary cause. On those honorable pages of internationalism written by our people in Angola, the battle of Cabinda will always be remembered as the greatest demonstration of his valor and interest.

Enrique Carrera Rolas, who today is a brigade general, knew how to actively fight against the tyranny from the ranks of his own army. Our revolutionary air force has in him not only one its most outstanding founders, but also the hero of Playa Giron and the untiring teacher who is the senior member of dozens of valiant pilots.

Brigade General Rafael Moracen Limonta, who was part of the rebel army, has since that time made his actions against the enemy legendary. Among the thousands of Cuban internationalist combatants, his history of fighting and unselfish sacrifice is an example worthy of admiration.

Colonel (Fidencio Gonzalez Peraza), with 27 years of active military service, on two occasions fulfilled internationalist missions. The heroic defense of Cuban-Angolan positions during the (Cangamba) battle under his leadership is one of the bravest moments lived by the children of our fatherland in their internationalist vocation.

Major Orlando Cardoso Villavicencio, who was twice an internationalist, not only fulfilled these missions unselfishly; he withstood, with dignity and integrity, a long and cruel imprisonment that did not diminish his revolutionary conviction. This is a worthy example of our heroic Cuban youth.

[Video gives a wide shot of Castro standing in front of a microphone speaking to people standing around the room] Because of all this, the presentation of the honorary title of Heroes of the Republic of Cuba, on this glorious occasion of the 30th anniversary of the triumph of the revolution, is just recognition of the qualities embodied in these combatants, who are worthy representatives of the internationalist patriotic spirit of the people of Cuba [words indistinct] in writing the history of the merits, unselfish work, and results of the efforts and lives of these comrades, we would need much more than three pages.

I hope that our press, our national press, and the FAR press can inform the people more on the lives and merits of these comrades. Some of them were recently in New York. They were the sensation there and [words indistinct] was written about them.

On the occasion of presenting these awards, I don't want to extend the ceremony with statistics on the lives of these comrades; but, I can assure you that their lives have been exemplary. Their lives have been admirable. They have not been an expression of a reduced group of heroes. Instead, they have been an expression of a great number of heroes from our FAR and they are heroes in the hearts of our people.

It should be a source of profound satisfaction that this medal is presented today on the 30th anniversary of the revolution, the revolution which they have supported and defended with so much energy, heroism, and firmness so that this beautiful revolution can mark another 10 or 20 years, or 30 years or more.

Others will replace you in this work, in this task, in this high and noble mission, but we are satisfied with what you have known how to sow with your example for the future generations of this fatherland. Tonight we said: Socialism or death! Marxism-Leninism or death!

Fatherland or death, we will win! [applause] [end recording] [camera zooms in on the medal pinned to Maj Cardoso Villavicencio's chest. Camera also shows FAR Minister Raul Castro embracing the men after the ceremony]

Castro on Investment, Economic Priorities

FL3012221688 Havana Television Service in Spanish 0100 GMT 25 Dec 88

[Text] After hard days of work, the Fourth Regular Session of the Third ANPP [National Assembly of the People's Governmemt] has ended. By agreement of the ANPP, 1989 will be called the 31st Year of the Revolution. It was also reported that Ciego de Avila Province and the Ministry of Construction will give their progress reports in the next period.

During the last working session, Commander in Chief Fidel Castro, first secretary of the PCC Central Committee Politburo and president of the Councils of State and Ministers, spoke on the state plans and budget for 1989. Segments of what he said follow:

[Begin Castro recording] The most important thing within this plan is the investment plan. This is the key. The key is not to determine the problems we may have, but what is done about overcoming those problems. We know that our number one problem is the convertible currency problem. Our second basic problem is the guarantee of food for our population, or to improve it. The third problem, among the important ones...[rephrases] In other words, among social matters, it is housing which is affected the most. In some areas more than others, but it is housing.

We must prioritize. That is the decisive factor of the the investment plan. So, what have we proposed for the investment plan? The same thing that has been proposed at other times, but this time it is being proposed with much more strictness than ever. Economic investments must have absolute priority. Within economic investments, the investments which generate convertible currency or save in convertible currency have the first priority. Within those priorities there are also those

which are certain to produce convertible currency, those which produce it faster, and those which have greater prospects. That is why we even include investment in tourism because of its efficiency—we say [word indistinct] In other words, among priorities, that is a priority because of the convertible currency it generates and because of the prospects it opens. So, everything that generates convertible currency has an investment priority. The same holds true for everything that saves convertible currency. Generally speaking, all the economic projects have priority; for example, food, porcine, milk, and vegetable production. These products solve important problems.

The other priorities, in addition to the economic investments which generate or save convertible currency, are the other economic investments which solve important problems for the country. If we are talking about rock and sand investments because it is needed as a basis for construction materials, then it has great importance. If we are talking about reinforcement rod production, it has great importance. Everything that deals with construction materials is an economic investment of great importance. Economic [words indistinct] and help solve other type of economic and social problems. So, we say: Let's develop the reinforcement rods industry, carry out efforts like the one in Antillana de Acero. They are accelerating that investment to the maximum. Let's carry out efforts like the one made with the reinforcement rods in the Las Tunas rolling mill—it was all built in Cuba. It took 17 months from the time it was decided to build it to the time it was inaugurated. It was built in 14 months by a contingent which says that the next rolling mill will be built in 12 months. Never had a project been done in that amount of time here. This is for the construction plan, and not only for housing. We also need the reinforcment rods if we have large hotel construction plans. We (?don't) need reinforcement rods for food production plans. All those economic projects have a priority. They have complete priority. [end recording]

The commander in chief continued with an explanation of the basic economic plans.

[Begin Castro recording] We are carrying out a large plan for milk production in Camaguey. It is not because of the price, but it is one of the largest plans which have been made in the country. We had stopped making those kinds of plans here. We are thinking about following the Camaguey plan with all the means and resources [word indistinct] and take the (?plan) to all the people, electricity, roads, minidams, irrigation systems, dairies, breeding places, everything completely. We have already started another plan like that one. We are going to begin large dairy plans during the first trimester in Las Tunas, and during the same month in Ciego de Avila. This is independent of the vegetable plans which (?will) increase by several thousand caballerias through irrigation. Those plans have all the resources; not a cent is taken from them.

As for the dam projects, not a cent will be taken from them because they will help produce food. We are determined to increase rice production from 12 million quintals to 18 million. Terraces and dams are needed for that. We will also have canals to take the water to all those places. Simultaneously, we will use brigades to make flat rice terraces, and all that is necessary to produce those 18 million quintals. This will be based on the experience we already have. Those plans already have all the resources.

In Havana, for example, we say: What economic investments are we making? Well, we have the rubber factory. How much can be produced there? We have the Nico Lopez oil refinery. How how much [word indistinct] is there, and how much money? We have Antillana de Acero. How much money and how many men does it need to assemble what is there? The new Antillana workshop, or the expansion of the old workshop, has all the men and necessary resources. We did it, in Havana. I met with the comrades of the JUCEPLAN [Central Planning Board], party, Havana assembly of the people's government, minibrigades, ministry of construction to (?review) Havana's plans. The economic plans, in accordance with this opinion [words indistinct]. All priorities were given to the economic plans.

We didn't even begin some projects we had planned. In the past 2 and ½ years we have put a lot of emphasis on medical projects. We (?registered) a lot of doctors, we completed the Miguel Henriquez, the Frank Pais. They are completed in a short amount of time; we completed the Albarran and others. [Words indistinct] two important projects that were going to be started. They were important hospitals which are needed, but not so greatly needed because of what we have already accomplished. They can be postponed 1/2, 1, 1 and 1/2, or 2 years. Where are the people who were working on the Miguel Henriquez going? They are quickly going to the Varadero Airport. What about those who were working in Purio? They are also going to Varadero. In other words, our economic investments are above everything. Of course, priority will be given to all those which generate or save convertible currency, as well as to all those which solve problems, [words indistinct], and are of some use. Then we say, OK, those are the city's economic projects. After that is prioritized, we ask what is next—housing.

We examine how many homes we have built, how many we are going to build, and if we are following a good housing plan. We examine the materials we have. Out of the social projects, to what do we give priority? We give priority to housing. Of course, if we work on housing we will need to build bakeries, stores, and all the other things.

We have made great progress with the child care centers. We are scheduled to complete 56 of them. If not all of them are completed now, they will be completed during the first weeks in January. The child care center situation in Havana has been alleviated; no longer must we hurry up and build child care centers. However, we will have to

build just a few here and there. All the necessary polyclinics are being built, we are finishing what we have. We are building all the necessary special schools. We want to make plans for better secondary schools, and semi-internship schools [semi-internos], and all that. But we will not do it now, we will postpone it because we have had the [word indistinct], the problems in the cement factory. We must ensure we have the basic materials. If we do not begin in 1989, we will begin in 1990, or during the second semester, when we have the cement, reinforcement rods, and all the materials guaranteed. We have the work force; the problem is the materials shortage. Nevertheless, how many houses did we build in 1987, how many more in 1988, and how many more in 1989? How many do we also expect for 1990? We would like to have 20,000 in 1990; but if we don't do it in 1990, we will in 1991. [end recording]

Regarding investment priorities on agricultural production, and sugarcane in particular, he said:

[Begin Castro recording in progress] ...will be promoted; and we are studying everything that is necessary to promote sugarcane production activity, based on the experience we have gained in that industry. We also saw the problems agriculture had with plows and harrows. (?We saw) the problems in sugarcane production also. The problem is not with the tractors but with agricultural implementation. We have the large Holguin factory, so we have said we will make this a priority. [Word indistinct] steel, and the steel products production have not affected that.

How many harrows are needed for sugarcane agriculture? How many harrows and plows are needed for the other kinds of agricultural production? How many fumigators and how much herbicide for sugarcane, for example, do we need? What do we need to spread the herbicide, not on the street but on the sugarcane [word indistinct]? What do we need to extract from each kilogram of herbicide three times more? We must prioritize that and find resources for it with the industry we have. We are going to promote agricultural production. We promote the sugarcane production because it generates an important resource for export; the other kinds of production are promoted because they promote important resources for the nation, such as food. Those activities are prioritized. We have very ambitious plans, not only for milk, porcine, and rice production, but also for vegetables and fruits; and this is in addition to products for export. [end recording]

After his extensive and detailed explanation on the 1989 plan, the first secretary of the PCC Central Committee concluded his statement.

[Begin Castro recording] I think that in the coming months all this will become clear. That is why I think that if we analyze the problems in this manner, we will be marking, in the best possible way, the 30th anniversary. [applause] [end recording]

Castro Inaugurates Havana Hospital Expansion

Lauds Volunteers' Efforts

FL3112030188 Havana Television Service in Spanish 0100 GMT 31 Dec 88

[Text] Commander in Chief Fidel Castro today inaugurated the expansion of Havana's Miguel Henriquez Hospital.

During the ceremony Fidel handed out diplomas of recognition to outstanding workers and (?to those) who gave hours of volunteer work, with love, to construct this modern hospital.

On behalf of the intermediate-level students who volunteered work hours in the construction of the Miguel Henriquez hospital, Barbara Morales received a diploma for the more than 614 volunteer work hours she gave after finishing her classes. [Video shows Castro giving Morales her diploma. Morales is shown wiping the tears from her eyes after she receives her award from Castro]

In closing the ceremony, Fidel explained the characteristics in creating the Sixth Congress Contingent and how all the people worked on this project of the revolution.

[Begin Castro recording] [Video shows Castro speaking from a podium] A large contingent of construction workers was created from all (?the municipalities of) Havana Province. The lodgings were created. The appropriate conditions were established for the workers' leisure time and food. A great spirit developed.

That was the first step in attaining the miracle of finishing this project in 1 year. The population joined in. I think that is one of the most beautiful things about this project. The neighbors joined in, as they have done in many other projects in many other areas throughout the country, giving volunteer work hours to help in its construction.

The students joined in the work. The students of the Diez de Octubre Municipality and other municipalities joined the project. Each student has his own task in other municipalities. Construction is underway in all municipalities. However, the students from Diez de Octubre made this project their own. One of the most pleasant things I remember having witnessed were the words of admiration with which the workers of the contingent referred to the students. The workers weren't the only ones that admired the students. The technicians and leaders of the contingent, cadres of the PCC in the contingent, and youth cadres also spoke of the students with true admiration.

Many times I wanted to tour the area here to see the students and speak with them because they said wonderful things about their organization at the project, the intensity with which they worked, the seriousness with which they worked.

This seems to me to be one of the most notable things about our rectification process. It is one of the most notable things about our methods for the construction of socialism. It is very important.... [interrupted by applause] It is very important if the masses participate or not, if the masses want to participate or not. Only a socialist revolution, a truly socialist one, can see this phenomenon of the masses. Only a revolution that educations its youths in the revolutionary process can witness a phenomenon of this nature. [applause] [end recording]

Views 'Latest Equipment'

FL3112033088 Havana Television Service in Spanish 0100 GMT 31 Dec 88

[Text] Commander in Chief Fidel Castro has toured the Miguel Henriquez teaching hospital expansion. New forms of construction were applied in this project which allowed the medical installation to become operational before the building was completely finished.

A total of 18,784 patients have been treated in the new areas and more than 200 surgical operations have been performed.

The commander in chief toured the hospital expansion and inquired about the patients' health. Dr Francisco Caballero, director of the center, briefed Fidel on the installation's equipment and the advantages this provides for a population of 500,000 residents the hospital will serve. Caballero stressed the lowering of the infant mortality rate due to the training of the personnel and the modern equipment.

[Begin recording] [Caballero] Yes, in this case with this new...

[Castro, interrupting] It has been reduced by 50 percent, if it's as you report it.

[Caballero] Exactly. Now, in this new unit, for example, with the equipment we have—we have the best equipment, the latest equipment—we expect that things will improve even more. The comrades are enthusiastic, they are skilled, and they have high-tech equipment to do...

[Castro, interrupting] Most of the cases we've seen are very serious.

[Caballero] They're serious. They would not have had any other possibilities...

[Castro, interrupting] That's what I was asking. What did they do before? How did they resolve it before? They told me that some times they even...

[Caballero, interrupting] No, those cases...

[Castro, interrupting] Many times they died.

[Caballero] Yes, yes.

[Castro] When they did not have enough medical services...

[Caballero, interrupting] They would die. Yes, that's the way it was.

[Castro] And the medical staff? This is a hospital in action.

[Caballero] We also have other units.

[Castro] It is not a hospital in inauguration. It is a hospital that is being inaugurated in action.

[Caballero] We have been operating since 5 December, Commander.

[Unidentified speaker] The work is very important.

[Caballero] We have been operating since 5 December. [end recording]

More on Inauguration Comments

FL3112194388 Havana Tele-Rebelde Network in Spanish 1800 GMT 31 Dec 88

[Text] Commander in Chief Fidel Castro spoke at the inauguration ceremony for the expansion of the Miguel Henriquez Hospital. Fidel gave recognition diplomas to the workers and students who worked on this project. The Sixth Congress contigent of the Ministry of Construction also received the combat banner for 1988 for their work in the expansion of the Miguel Henriquez Hospital.

[Begin Castro recording] We can see here that this is an excellent project; that is what can be said about this hospital. We can say that it has very modern equipment, the most modern in the world. We can say today that it is one of the best hospitals in the country and Latin America.

There may be a few private clinics for millionaires which may have some of that equipment, but they are not for the people. They are not for the whole nation and absolutely free. All this can be said about this hospital.

We can say that this hospital is the feat of those who built it. It has been more proof of the great importance and value that the idea of contingents holds in this phase of the development of the country. This is a phase during which we must recover lost time—lost time in capitalism, and even in socialism.

All this can be said. But something else can be said about this hospital. This is something much more valuable and significant—400,000 volunteer work hours were put into that hospital. This means [interrupted by applause] the voluntary work of the people, aside from the voluntary work of the professional construction workers. This means 10,000 people worked 40 hours, or 40,000 people worked 10 hours, or over 30,000 people worked 120 hours. However, this is very significant for a revolution.

This is very significant for a process which is going to be 30 years old. It is very significant to talk about work like this, and this is nothing more than an example of what is happening today throughout all the provinces of our country. The nation contributed 400,000 hours to this work. I also think that students contributed to a large part of those voluntary hours. [applause] [end recording]

Documentary Highlights Castro's Mexico Visit

FL3012232688 [Editorial Report] Havana Television Cubana Network in Spanish at 0130 GMT on 30 December carries a documentary entitled "Like a Second Fatherland," on Cuban President Fidel Castro's visit to Mexico from 30 November to 4 December for the inauguration of Mexican President Carlos Salinas de Gortari.

The documentary begins with a montage of Mexico City and then cuts to the airport where a Cubana de Aviacion airplane is shown taxiing to a halt. A wide shot shows Castro disembarking from the plane and descending the ladder.

The video shows Castro meeting with Argentine President Raul Alfonsin, Colombian President Virgilio Barco, and other leaders of various Latin American countries, who are identified by caption. The narrator states that Castro held extensive meetings with them and he adds that Castro attended meetings at the house of Cuban Ambassador Jose Agustin Fernandez de Cossio. The video shows Castro at the ambassador's house speaking with the guests.

The narrator then says that Castro met with representatives from the main leftist parties of the Mexican opposition. A medium shot shows Castro seated among several people. A wide shot then shows they are seated in a circle while the Cuban president says:

"This is a difficult moment for the progressive and revolutionary movements. They are being questioned. There are many doubts and imperialist propaganda is taking advantage of this. They look at the self-criticism that some socialist countries are making in reference to all the problems they've had. This is a moment in which we must fight hard. We must have confidence in just causes and ideas. We must have confidence in socialist ideals and in humanity's progress. At this moment, we must defend them more than ever, and we are defending them. We are defending them in our country with our revolution. It's not that we don't make mistakes; we have made mistakes, but we are overcoming and correcting them without ever abandoning the objectives and ideals of socialism.

"The objective conditions in the world at this moment are paradoxical. They are made worse. It's also a time, and I realize this, in which socialism's ideas are being questioned as if they were a failure. You must realize that there is a strong ideological offensive being mounted by imperialism and capitalism! They are begining to insinuate that only capitalism can develop technology. They think that only capitalism can develop this or that. I believe that socialist ideas must be defended now more than ever because the justice of those ideas can be seen now more than ever in this world that capitalism has created for us.

"I think that there is a reality that [words indistinct] which is that there is a plurality in the interpretation of Marxism. I don't think it's good that some interpret it one way and try to impose their interpretation on others. [Words indistinct] conclusion that there should be pluralism in the interpretation of Marxism or, on the other hand, the theories would become an almost religious-like doctrine and dogma. I, for example, identify more with Marxism. I find myself more in love with Marxism. I don't have the slightest doubt about that and am in favor of the most rich, varied, and creative interpretation of Marxism. Let me tell you, I personally feel more repudiation for capitalism. I see capitalism getting more irrational and repugnant all the time."

The narrator says at 0200 GMT that on 3 December, Castro visited the houses of former Mexican President Luis Echevarria and author Gabriel Garcia Marquez.

A 9-minute video clip of Castro's 3 December press conference is then shown.

The video then shows a large crowd of people while the narrator identifies the location as being Tuxpan. The camera pans the crowd and shows the people waving Cuban and Mexican flags. Castro is seen stepping up to the podium and at 0217 GMT, a 10-minute video clip of Castro's 4 December speech in Tuxpan is carried. The 57-minute documentary ends at 0227 GMT.

Dominica

Douglas Expects To Meet Gorbachev in Havana

FL3012145888 Bridgetown CANA in English
1443 GMT 30 Dec 88

[Text] Roseau, Dominica, Dec 30, CANA—Dominica's leftist opposition leader Micheal Douglas left here for Havana Thursday to join in 30th anniversary celebrations of the Cuban Revolution.

Douglas said that while in Cuba, he expected to meet Soviet leader Mikhail Gorbachev, who was also due to take part in the celebration. [as received]

Douglas served notice of his departure in Parliament Thursday. He said he would return on January 6.

House of Assembly Speaker Retires 30 Dec
FL3112003088 Bridgetown CANA in English 1551 GMT 30 Dec 88

[Summary] Roseau, Dominica, Dec 30, CANA—The speaker of the Dominica House of Assembly, Mrs Marie Davis Pierre, has announced her retirement, effective December 30, after 8 and ½ years.

Haiti

Avril Announces Meeting With Parties
PA0201151989 Paris AFP in Spanish 0309 GMT 2 Jan 89

[Text] Port-au-Prince, 1 Jan (AFP)—General Prosper Avril, president of the Haitian military regime, announced on Sunday that political parties and government representatives will meet soon in Port-au-Prince to establish and manage an institution "that guarantees complete independence in the organization of elections."

Gen Avril addresed the nation from the National Palace in Port-au-Prince on the occasion of the 185th anniversary of Haiti's proclamation of independence. He stated that the meeting "will surely be the beginning of an irreversible process of establishing a legal state" in the country.

Gen Avril, with Sergeant Major Joseph Hebreux—spokesman of the Army's NCO's—beside him, also announced new legislation to fix and control prices and other measures to fight contraband and false record-keeping.

He also announced the creation of a tripartite commission (businessmen, workers, and government) to settle labor conflicts.

Jamaica

Seaga To Address House on Election Timetable
FL0201124189 Bridgetown CANA in English 2146 GMT 31 Dec 88

[Text] Kingston, Jamaica, Dec 31, CANA—Prime Minister Edward Seaga on Sunday promised Jamaicans he would soon announce a timetable for general elections. In his New Year's message, Seaga said:

"Everyone is aware that we face general elections soon and when I address the House of Representatives on Wednesday, January 4, (in its final session) I will speak on the timetable of the general elections."

Seaga told Jamaicans "much remains to be done (economically) and can be done if (they) stick to the proven path." It was an obvious reference to his free market, International Monetary Fund-backed policies dating back to 1980, the year his Jamaica Labour Party [JLP] took power.

"It is the importance of these general elections which make 1989 a momentous year because it will determine how we face the future as we enter the closing period of this century," he said.

"We have made much headway in overcoming odds. Much yet remains to be done is we stick to the proven path. If we wander off the track in wild adventures; if we lose touch with the mainstream of Jamaica while pursuing foreign doctrines; if good management is absent and sound policies are ignored, then we will move back to the perilous days when so many abandoned hope, and despair overwhelmed the land."

The socialist ideology of Michael Manley's Peoples National Party [PNP] was blasted in the 1970s by the JLP as a foreign doctrine which alienated middle- and upper-class Jamaicans and it was said PNP mismanagement put the economy in disarray.

According to Seaga, 1988 was a bitter-sweet year, with hurricane devastation and progress in rebuilding the island.

"...The bitter effect of Hurricane Gilbert overwhelmed us only for a short time. We have bounced back because over the past few years we have managed to rebuild the shattered foundations of our country to give it strength again," Seaga said.

Trinidad and Tobago

Government To Cut Overseas Diplomatic Posts
FL0201171889 Bridgetown CANA in English 1646 GMT 2 Jan 89

[Text] Port-of-Spain, Trinidad, Jan 2, CANA—Faced with a severe revenue contraction, Trinidad and Tobago is to begin a multi-million-dollar cost-cutting exercise at its overseas diplomatic missions from this month, according to plans outlined here by External Affairs Minister, Senator Dr. Sahadeo Basdeo.

Nineteen out of 82 Trinidadians at the missions will be brought home and 40 per cent of foreign embassy staff will be sought in those countries, rather than sent from Trinidad—all leading to a saving of TT5.2 million dollars (one TT dollar: 23.5 U.S. cents).

Basdeo told the Senate that government would be trimming and doubling up at some of its posts abroad, whilst appointing a new honorary consul in Tokyo to deal with the new political and economic importance of that part of the world.

Immigration attaches in London and Ottawa are to brought home allowing other mission representatives to take over their roles—a saving of TT366,990 dollars.

Trinidad and Tobago is also to merge under one roof its [words indistinct] and also in New York, saving on the cost of operating one of the two buildings, Basdeo said.

The changes are in line with the recommendations of a government-appointed committee, which included local civil servants, the inspector of missions, local managers, and two high commissioners who had been brought home to advise.

"These reductions will in no way...hamper the effectiveness of overseas representations," Basdeo said.

"There are criteria that were used by the committee that have been well established. Some of these criteria had to ensure, first of all, our political representation will in no way be jeopardised in these countries, that we will continue to maintain our investment and technological opportunities; export opportunities will not, in any way, become minimal or diminshed, but bilateral and multilateral assistance will continue to flow among other criteria," Basdeo said.

Accounting for other Foreign Ministry expenses this year, Basdeo said Trinidad and Tobago had spent just under 2 million dollars in relief supplies to its Caribbean partner, Jamaica, following the damage caused by Hurricane Gilbert in September. This excluded services offered by local private agencies and companies.

The foreign minister praised what he said was an improvement in Trinidad and Tobago's relations with its Caricom partners.

"Attitudes are no longer defensive. Our neighbours understand that Trinidad and Tobago is committed to the regional movement, but they also understand and even sympathise with the constraints under which our present economic fortunes force us to operate," Basdeo said.

Basdeo said that there was room for improvement in the Lome convention between the European Economic Community (EEC) and the African, Caribbean, and Pacific (ACP) bloc. The minister expressed particular concern with the fact that three successive conventions had been unable to fulfill the goal of increasing volume and value of ACP exports to Europe.

Despite this, Basdeo said Lome had produced the most significant benefits for Trinidad and Tobago in comparison with other relationships with the United States and Canada.

Basdeo hoped for improvements from the second Caribbean Basin Initiative (CBI) with the United States. Despite Canada's Caribcan one-way free trade arrangement for Caribbean exports, Trinidad and Tobago's sales to Canada had continued to decline over the last 2 years.

Basdeo said Trinidad and Tobago would be seeking improvements in the Caribcan arrangement. He said this country has suggested the Canadian Government create a soft loan facility for prospective Canadian investors who wish to invest in the Caribbean region.

Salinas Calls for Unity in Debt Negotiations

PA0301011289 Mexico City Red Nacional 13 Imevision in Spanish 1300 GMT 31 Dec 88

[Excerpt] President Carlos Salinas de Gortari called for the unity of all Mexicans to achieve the firm, intensive, and difficult task of renegotiating the foreign debt, a matter that is of historic national importance. The occasion was a meeting with the deputies and senators of the permanent committee of the National Congress in the Carranza Room of Los Pinos Presidential Palace.

The president said the Mexicans must put aside everything that can divide us:

[Begin recording] I respectfully urge you and all Mexicans to unite our forces and energy to have a firmer platform to negotiate with international creditors. [end recording]

The president said Mexico will overcome these negotiations to satisfy the legitimate demands of the Mexicans: greater welfare, serenity in the family circle, and a free and stronger homeland:

[Begin recording] We must remove from the Mexicans the enormous burden of the transfer of resources abroad so the energy and vitality of our fellow citizens can express itself through productive ways and far-reaching channels of transformation of our country. [end recording] [passage omitted]

Opposition Leaders' U.S. Visit Questioned

PA0201025789 Mexico City EL NACIONAL in Spanish 26 Dec 88 p 11

[Editorial: "Well-Founded Doubts"]

[Text] With deliberation, Heberto Castillo yesterday made a number of statements regarding the political activities recently conducted by Cuauhtemoc Cardenas Solorzano and Senator Porfirio Munoz Ledo in the United States. Heberto Castillo said: "No money has been collected" in the United States.

Castillo recalled that "during my campaign, people said millions of dollars were going to be collected; that was not true." Castillo vigorously added:

"I never received any money."

A mathematician of international prestige, an expert who has made important contributions in the field of civil engineering, a writer, a journalist, and a polemist, Castillo has an unquestioned intellect. That explains why he was recently invited to speak at conferences at eight different U.S. universities. That is very positive and benefits Mexican interests. Distinguished Mexican intellectuals such as writer Carlos Fuentes are frequent guests at international conferences to present our country's situation and to clear doubts that sometimes prevent the United States from understanding our foreign policy, particularly regarding Central America, an issue over which Mexico and Washington have had disagreements.

That is undoubtedly one of the most important tasks Mexican intellectuals must conduct when invited to talk with their U.S. colleagues. We do not know the topics Castillo has discussed during his conferences at the various U.S. universities he has been invited to, but we want to believe he used those occasions to defend national interests. To use prestigious forums abroad to only discuss Mexican electoral affairs and to criticize legally constituted Mexican authorities would have been regrettable and unworthy of an intellectual that for many years has been a university professor.

It would be reassuring to confirm that "no money has been collected" in the United States to benefit the activities of the political party to which Heberto Castillo, Munoz Ledo, and Cardenas belong. It would be very reassuring, because anything to the contrary would fuel strong and well-founded doubts.

The only thing we ask is this: Why did Munoz Ledo tell journalists in Los Angeles that a finance committee will be created there?

Cardenas Discusses Tour

PA0201174689 Mexico City UNOMASUNO in Spanish 26 Dec 88 pp 1, 5

[Article by Roberto Santiago]

[Text] Cuauhtemoc Cardenas Solorzano has told this newspaper that his U.S. tour was not intended to arouse specific political action against Mexico among more liberal elements in the United States. He added that such a thing was beyond the capabilities of the FDN [National Democratic Front] and would be like going to the United States and trying to get involved in *American* politics. Cardenas insisted that the purpose of his trip was not to air Mexico's problems in the United States or to solicit judgments there on Mexico's domestic problems.

Cardenas pointed out, however, that "we were so successful in making our point of view known in the United States and sharing our truth about what is happening in Mexico that the government is now very upset and uncomfortable."

When asked about holding talks with Carlos Salinas de Gortari—something which many other party leaders have done and which would be a way of capitalizing on the U.S. tour—the former FDN presidential candidate said:

"If that must be done to reinstate democracy in our country, then perhaps; but I have clearly stated as a condition that the first point on the agenda for that meeting will be relegitimizing state institutions."

During his tour of the United States Cardenas was advised by two Mexican political experts, Adolfo Aguilar Zinser and Lorenzo Meyer. Cardenas was asked about their advice and how it differs from advice he is said to receive from [opposition deputy] Porfirio Munoz Ledo.

Cardenas responded: "I do not have permanent advisors; I consult many people about our political work. In the case of this tour, Aguilar Zinser coordinated the general U.S. itinerary with Lorenzo Meyer's help, who in turn was in charge of the activities in New York. They were basically involved in organizing the tour. Before the trip I held several meetings with many Mexicans who gave me a very clear view of U.S. policy, political groups, and their links to financial groups."

Regarding the comparison that has been made between his conduct and that of his father—who reportedly refused to travel to the United States—the son of the former president said that such a comparison was inappropriate as his father traveled not only to the United States but also to countries in Europe and Asia.

"He did so because he was not narrow-minded, and he made the trips when he thought it would help him in his lifelong struggle. He took the steps he felt were necessary in his struggle."

Cardenas rejected accusations against him of high treason, sedition, and of being a modern anti-Mexican because they are absurd and because his accusers "lack any moral authority or democratic support."

When asked whether he had assessed the effects of the trip, both personally and as FDN leader and PRD [Party of the Democratic Revolution] supporter, Cardenas said that obviously he had found no problem with the trip, "because we did not go to air our problems or to ask for opinions. We did not ask the various groups we met with to judge our affairs, because as Mexicans we must solve our own problems."

When pressed on the question of a meeting with President Salinas de Gortari, Cardenas said meetings with the government are taking place every day—direct meetings in which he can participate and others in which he cannot.

Concerning the FDN proposal to discuss the legitimacy and constitutionality of government institutions first—aware of the fact that it could imply Salinas de Gortari's departure from government—Cardenas said the FDN had made a proposal, but that it has always admitted there could be other ways. Cardenas said: "There can be other paths, although we do not see them; if someone has a proposal, however, we are always willing to study and discuss it."

Cardenas said the FDN had been very clear. "To meet with the government, we propose a series of topics of national interest, on which I believe we could agree in general terms with the country's democratic forces. We have said that it is necessary above all to discuss the government officials' constitutionality and democratic legitimacy, which we have questioned. We have heard no counterproposal, but when we do we will reply yes or no, as the case may be."

Asked whether he will go on being a PARM [Authentic Party of the Mexican Revolution] member, that is, fulfilling his duties as a PARM militant and not only taking advantage of the party, Cardenas said he had never avoided his political or personal responsibilities.

Cardenas said: "We have talked with PARM members and we will hold full discussions to decide—and PARM will have to decide—whether PARM can be part of the new political party which many of us are determined to build. That discussion is still pending.

"Therefore, I continue to be a PARM member while working to create that new political party, and PARM and the public are aware of that."

Regarding the death threats that were reported in Boston during Cardenas' trip to the United States, the possibility that an FDN member made those threats to sensationalize the trip, and whether he thought the threats were a Mexican or U.S. Government stratagem to keep him out of the United States in the future, Cardenas said:

"It was only a phone call, like many they receive there or we receive in Mexico. People do not pay much attention to those calls, although the U.S. authorities felt it was serious and decided to provide the protection they considered necessary.

"I do not attribute those calls to any particular group. It was evidently not someone close to the FDN and I have no reason to attribute it to any other person or organization. Fortunately, nothing happened. I think the threats came from someone who does that sort of thing, but in this case the U.S. authorities decided to take some security measures, which we had to accept and abide by.

Cardenas Working on Formation of New State

PA0201231189 Mexico City EXCELSIOR in Spanish 26 Dec 88 pp 4-A, 18-A

[Report by Juan Ochoa Vidal]

[Excerpts] Opposition leader Cuauhtemoc Cardenas, who announced that between now and March 1989 Cardenists will win all the seats for the Mexico City suburbs and thus gain control of the Mexico City Advisory Board, said that if we do not make the authorities respect our vote through organization and force, the country will not make democratic advances regardless of whether we have good or bad electoral laws.

With those seats, the Cardenists want to force the government to create the state of Anahuac, which should have full rights and obligations toward the millions of people who currently inhabit the Federal District. The Cardenists also demand the nonpayment of the foreign debt under the

current conditions, a wage increase "at least twice the present salaries," the construction of worthy houses, the existence of honest justice, and the eradication of government corruption.

Those were Cardenas' statements during the inauguration of the Mexico City committee for the promotion of the Party of the Democratic Revolution [PRD]. Cardenas added there are over 20 PRD bodies that already have state representation throughout the country. As it was previously announced, the first PRD national assembly will be held on 5 February, during which basic documents will be approved and the struggle for its legal registration will formally begin. [passage omitted]

Cardenas told the participants to the inauguration of the PRD Mexico City committee that "we have been advancing slowly and with many efforts and sacrifices, but you are ready for the struggle." Cardenas recalled that neither the PRD nor the member parties of the National Democratic Front recognize the legitimacy of the current federal government. [passage omitted]

Cardenas said the Cardenist strategy is to establish, expand, and consolidate the PRD groups within the large and small labor unions that are members of independent and government labor unions. Those groups must gain moral authority to finally have workers deciding the future of the Mexican labor union system.

Regarding the foreign debt issue and its relation to the country's sovereignty, the opposition leader said:

"This government, the one that attained power in an illegitimate manner and was protected by force, decided to have the full and punctual payment of the servicing of the debt as an economic and political priority. The government is already announcing that 60 percent of the public expenditure will be destined to meet foreign debt obligations." [passage omitted]

Opposition, Police Reportedly Clash in Campeche

PA3112011988 Paris AFP in Spanish 0031 GMT 31 Dec 88

[Text] Mexico City, 30 Dec (AFP)—A PARM [Authentic Party of the Mexican Revolution] spokesman has told AFP that an undetermined number of PARM members were killed or wounded this morning when police forces evacuated the Municipal Building in Candelaria, Campeche State.

PARM regional delegate Rosa Maria Denegri said initial reports indicated there were 11 dead, 100 wounded, and many persons missing.

This figure has not been confirmed because of the great confusion in Candelaria, where the Army has surrounded the city center.

According to the same source, approximately 200 PARM members had been occupying the Municipal Building since 30 November to protest the "fraudulent" elections in which PRI candiate Julio De la Rosa had been elected Candelaria municipal council president. Candelaria is a city of approximately 15,000 inhabitants.

When AFP questioned Candelaria municipal official Gabriel Dorantes about the incident, however, he said that no clash had occurred and that the opposition was trying to tarnish the image of municipal officials.

Attorney General Creates Antinarcotics Office

PA0201021689 Mexico City EL NACIONAL in Spanish 26 Dec 88 p 6

[Report by Luis Guzman Ramirez]

[Excerpt] As part of a series of good news the public administration has prepared for us, Mexican Attorney General Enrique Alvarez del Castillo has announced the creation of an assistant attorney general's office that will have one exclusive responsibility: to redouble efforts in the struggle against ill-fated drug trafficking activities in all its forms and to organize a police force for that purpose.

Without limitations in the administration of justice, the government will allocate 204 billion pesos for the struggle against drug trafficking. Alvarez del Castillo said that thanks to the organic amendment to the attorney general's office law, which will enter into effect soon, that institution will experience an immediate and modern reorganization that will allow it to provide faster and more effective service.

The new assistant attorney general's office will have its own participation in criminal procedures, including investigations and extranational implications that the struggle against drug trafficking entails. [passage omitted]

Aid to Armenia Earthquake Victims Reported

PA0201013789 Mexico City UNOMASUNO in Spanish 26 Dec 88 p 7

[Summary] Alexei Ihshutko, manager of the Soviet Aeroflot airline, yesterday reported that the Mexican people have sent 9 tons of clothes, medicine, food, and equipment for the earthquake victims in Armenia. He added that an additional 20 tons will be sent on 1 January.

Antidrug Operations, Arrests Reported

PA0201023989 Mexico City EL NACIONAL in Spanish 26 Dec 88 p 6

[Summary] The Mexican attorney general has reported that 122 marijuana and poppy crops were destroyed over an area of 94,000 square meters during the weekend in Guerrero, Michoacan, Sinaloa, Oaxaca, and Zacatecas. Furthermore, the Federal Judicial Police seized over 2,000 kg of marijuana in Tijuana, Caborca, and Nogales, and arrested 21 drug traffickers, including Mario Alberto Muzquiz Perez, David Antonio Romero Barraza, Eleuterio Medina Rodriguez, Carlos Guzman, and Humberto Valenzuela.

El Salvador

FMLN Offers 'Political Review' of 1988

PA3112022588 (Clandestine) Radio Venceremos in Spanish to EL Salvador 0000 GMT 30 Dec 88

[Statement issued by the FMLN—date and place not given]

[Text] Here is our political review of 1988. As 1988 draws to an end, the country's political situation clearly reflects a deep, irreparable breakdown of the Christian Democratic Party [PDC] government. Government branches have become bogged down, and the Armed Forces are experiencing a tremendous crisis. This situation has made the country ungovernable. Within this framework, the economic crisis has become even worse. The people's unhappiness has reached the point where a rebel uprising seems imminent, because there is no alternative, popular, democratic, or revolutionary plan for a new [words indistinct] government. [Words indistinct] the most diverse and numerous sectors of society. The PDC Government's breakdown is irreversible. The PDC has to [2-second break in reception] corruption scandals, without any chance of maintaining power in the upcoming presidential elections. The elections are not a credible means for the majority to choose a government that will solve the country's problems. The elections are mere expectations for groups [13-second break in reception] has failed. Moreover, the alternative of the ARENA [Nationalist Republican Alliance] oligarchy represents a continuation of the war, a return to private sector practices, and repression. This alternative is totally estranged from the mass, democratic groups' demand for a negotiated political solution.

The Catholic Church sponsored and organized an important national debate which gathered the views of the country's major groups. Only the PDC and ARENA chose to [10-second break in reception] of the debate that ended with an urgent appeal to find a political and negotiated solution among Salvadorans. The PDC and ARENA politicians were embroiled in such a fierce struggle that the government was unable to rule. The Executive Branch is without a head, the Legislative Assembly is inoperative and irrational, and the Legislative Branch [as received] is subservient to the dispute between ARENA and the PDC. The dispute has brought corruption and has discredited the Legislative Branch and deprived it of any possibility of applying justice.

To end the year, as a result of the crisis and, of course, as a result of the FMLN's effective display of power, we have seen the local political authorities crumbling, with mayors resigning en masse. The disorder and breakdown of the [word indistinct], as well as the infeasiblity of the PDC and ARENA plans, are among the major highlights of this year's political picture. However, the dramatic political crisis has one basic origin. It is the crisis in the strategy of the counterinsurgency plan as a whole and, in particular, [words indistinct], which is the military plan. The Yankee counterinsurgency plan is basically a plan based on force.

The FMLN broke the back of that plan, and this is when the government entered a crisis. The crisis inside the Armed Forces has been just as dramatic. The failure of the counterinsurgency plan, which should have driven the war and the FMLN to the most remote border areas, paved the way for the 1966 class of cadets—this group of officers linked to the oligarchy and ARENA—to reach the highest command positions. First they led detachments and battalions. Later they were appointed to the Joint General Staff, headed by Colonel Rene Emilio Ponce. What happened within the Armed Forces is literally a coup. First Colonel Oscar Reynaldo Lopez Nuila was replaced. General Jose Onecifero Blandon's departure was negotiated. General Eugenio Vides Casanovas is scheduled to leave at year's end. However, the crisis hastened things. An imminent power vacuum and the government crisis made the officers hasten their changes. Gen Blandon was replaced ahead of schedule. Reaching the Armed Forces command at the most critical time in all these years of war, strategic crisis, political crisis, [word indistinct], and popular unrest, and while the FMLN is on the offensive, is the most inept, lackluster, and corrupt group of officers. This group of officers represents a throwback to the attitudes of the 1970's and an increase in death squad activity.

It is a pattern that has been ruled out by the U.S. advisers since the 1979 coup. Under these circumstances, then, the enemy bloc in power reaches the end of 1988 facing a deep crisis in its plans. Neither the PDC, with an incompetent candidate such as Fidel Chavez Mena, nor ARENA, with a backward, failed pattern, can offer solutions better than an emerging series of options that are supported by the democratic, revolutionary groups. [Words indistinct] inside the Armed Forces and the U.S. Embassy, they have begun making plans for a possible coup or possible changes. They have begun making plans to confront the actions carried out by the FMLN and the people's movement. It is another attempt to stop the rebel avalanche, but that attempt is still in the planning stages.

Meanwhile, 1988 has been a year of significant activity by the people's movement. We wish to note the efforts and struggles waged by the democratic people's movement to be vindicated and to achieve a negotiated political solution to the conflict.

From the violent actions during the March municipal elections to the participation in the national debate organized by the church following a long, daily struggle of labor unions and associations to achieve economic justice, the people's movement has used a wide variety of forms of struggle. As we have said, the national debate continues to be very important. The democratic, progressive, and people's sectors have called for a negotiated political solution to the conflict, which shows there is need for a change in the relations among the country's forces.

We need the Americans to go; we need dialogue and negotiation; we need a new government of broad participation.

In 1988 the people's movement and its organizations grew [words indistinct] instruments of struggle. We could mention the emergence of the Bread, Land, Work, and Freedom Movement and of various community, women's, and children's organizations.

As far as the people's movement is concerned, 1988 comes to an end with an enormous number of unsolved conflicts, which will lead to an uprising that the regime will try to stop at all costs, from encouraging corruption to economic repression and massacres such as those of Tres Ceibas and San Sebastian.

Repression and human rights violations are also aspects of the political developments that have helped isolate the regime and unmask Duarte's democratic farce. The special UN human rights delegate in El Salvador witnessed the result of a policy of terror in rural areas that claimed many peasants' lives in San Sebastian, San Vicente Department. During its most recent meeting in San Salvador, the OAS Human Rights Commission reported human rights violations by the government and the Armed Forces. Other international organizations, such as Amnesty International and Americas Watch, also reported such violations.

Among the political events linked to the people's movement, we have to underline the political struggle and the very important return to El Salvador of Dr Guillermo Manuel Ungo of the National Revolutionary Movement, Ruben Zamora of the Social Christian People's Movement, and Dr Reni Roldan of the Social Democratic Party and the Democratic Convergence. No less important is the return of Mario Aguinada Carranza, leader of the Nationalist Democratic Unity. All of them have joined the gigantic movement of national groups which struggle for a negotiated political solution, a government of broad participation, and the full recovery of our national sovereignty.

Of course, FMLN is the other determining factor in the country's political life. As we pointed out at the start, the defeat of the counterinsurgency project has provoked a political crisis in the government, bogged down the state's powers, and nearly forced the Armed Forces to collapse. As we mentioned in our annual military report, 1988 will end with a strategic turn toward shifting the war and political struggle away from the countryside. The FMLN has centered its armed actions in the capital and the country's vital centers. The war waged by our urban commandos against the political and military leadership has changed the outlook of the conflict and our policy in general. The revolutionary army in the capital has placed both military and political leaders on alert. This revolutionary army has coordinated its activities, established its true presence and power, and it backs the people in their struggle. This revolutionary army is also starting to become a fundamental factor in the people's uprising.

This, of course, is part of the uninterrupted actions in all of El Salvador's cities and departments staged by our united contingent of new forces, rebel detachments, and regular and special forces.

The FMLN has launched an offensive, not only on the nationwide political and military field but also internationally. Our General Command made an important political and diplomatic tour in the last months of 1988, visiting several countries in Latin America and Europe. This top-level diplomatic tour showed El Salvador the importance of our front and the recognition it received from the presidents of Costa Rica, Peru, Ecuador, and Panama and the foreign ministers of Argentina and Mexico. The FMLN showed its political maturity, its power, and its willingness to find a negotiated political solution to save the country from shedding even more blood than it already has. It thus participated in a rational, international framework of negotiations to solve the Salvadoran conflict. This tour, which has no precedent in the history of the continent's liberation movements, had a deep nationwide impact on all those who seek other alternatives and other viable plans for negotiated solutions to the Salvadoran conflict.

The U.S. elections and George Bush's victory have undoubtedly been political events of great international importance. It has become evident that a change is urgently needed in the Bush administration's relations with Latin America. There has been a significant turn of events in Latin American political relations with the defeat of the Reagan administration's warmongering policy. This defeat was brought about by the death of the mercenary Nicaraguan contra movement; by a great change in the relations among the Latin American countries, which now stress a policy of mutual respect and self-determination; and by a change in Latin America's position on the foreign debt issue. There is no doubt that events such as the inauguration of the progressive Ecuadoran President Rodrigo Borja and Mexican President Carlos Salinas de Gortari's inauguration—both attended by Commander Fidel Castro and Commander Daniel Ortega—are an eloquent expression of an international framework favoring Latin America and fully promoting a revolutionary process and a negotiated solution in our country.

It is expected that the United States will take a more moderate policy toward Central America and Latin America in general over the next several years.

Also, the holding of the 18th OAS Assembly in San Salvador was not only an event of international significance but also of special importance for our own country. The FMLN demonstrated once more its political maturity by declaring a unilateral truce during the OAS Assembly. Despite this, Napoleon Duarte did not prevent [words indistinct] the FMLN. It was another step in recognizing the legitimacy of the Salvadoran people's just struggle.

In our review of the most outstanding political events of 1988, we can say that the country ends the year in a dramatic state of unrest with the branches of government in disorder; with a dead president, politically speaking; and with a [words indistinct] in the framework of the bourgeois parties.

The enemy's political and military structures are facing an uncontrollable turn to the right with the arrival of [words indistinct] in the leadership of the Armed Forces and with ARENA's victory in the Legislative Assembly.

The democratic revolutionary movement is not only a leading player in determining the country's future; it is a realistic and viable alternative for the country and advocates a negotiated political solution leading to the establishment of a new government of broad participation in a completely favorable international framework.

The economic, political, and social crisis has created an untenable situation for the great majority of the workers, the unemployed, and the refugees, who find themselves at the point of an imminent uprising. The war has affected the country's principal cities, and the FMLN is on the political and military offensive. In 1988 we took the offensive. In 1989 we will be victorious. All for insurrection, all for victory.

Airs 1988 Military Report

PA3012161488 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 29 Dec 88

[Text] The year 1988 has been a year of outstanding military victories. FMLN's overwhelming advances marked a strategic turn favorable for the people's forces. The enemy forces were attacked in their own rear guard and forced to withdraw. The revolutionary army, militias, clandestine guerrillas, urban commandos, insurrectional detachments, and the organizations of the people up in arms multiplied in 1988.

In 1988, we stormed or attacked the enemy army's largest garrisons. We stormed and destroyed the 4th Infantry Brigade at Paraiso. We attacked the 3d and 6th Brigade headquarters. We attacked the lairs of the Sierpe, Arce, and Atonal Battalions. We attacked the [words indistinct] garrison and our urban commandos successfully attacked the National Guard headquarters, the Ilopango air base, and the puppet army's staff headquarters.

In 1988, our revolutionary army raided numerous towns and cities, mainly vital, densely populated areas. In 1988, our revolutionary army razed numerous enemy positions and occupied and destroyed numerous strategic positions of the puppet army, such as the Altos de Aguacate base and the communications center at El Roblar. In 1988, the FMLN increased its sabotage operations against the Duarte regime's war economy by dealing it a death blow. The success of every ambush, raid and propaganda, sabotage, and strategic operation has been possible only through the mass participation of our rebellious people. The people's participation has determined the FMLN's increase in quality and quantity.

The FMLN's political and military activities and the mobilization of the people have determined a change in the situation. The war has reached the cities and the most important urban centers, where the people's insurrection is brewing. In the cities, the revolutionary army is ready to accompany the people's uprising in the great and final battle for the liberation of the nation. At the end of 1988, we can tell our people that we are ready for the insurrection.

Everyone must join the insurrection and participate in the victory! We conclude 1988 with an offensive and we will attain victory in 1989!

We have a list of figures and details concerning 12 months of victorious revolutionary actions. We will begin with the figures that prove the FMLN's advantageous position. During 1988, we caused 7,932 casualties; we repeat—for those who like to keep records—7,932 casualties. The casualties include 2 colonels, 2 captains, 45 lieutenants, 8 second lieutenants, 13 officers of unspecified rank, 10 pilots, 1 cadet, 85 sergeants, 25 staff sergeants, 79 corporals, 13 radio operators, and 9 technicians.

During 1988, the FMLN seized 409 enemy weapons, hundreds of thousands of rounds of ammunition, over 12 military communication radios, and much war materiel and medicine. We repeat, we seized 409 weapons.

The following weapons and war equipment were destroyed or damaged: 8 helicopters were shot down, 23 helicopters were damaged, 158 military vehicles were destroyed, and 39 military installations were destroyed.

Our actions to sabotage the state's war economy and oligarchy's possessions include the destruction of 17 trucks, 49 private vehicles, 20 buses whose drivers did not follow our instructions, 8 FENADESAL [Salvadoran National Railroads] trains, 53 ANTEL [National Administration for Telecommunication] offices, 42 telephone exchange boxes, 2,168 electric system structures, 26 municipal offices, 16 mills, 7 banks, and 10 bridges in different areas of our nation.

It is appropriate to mention that as a result of our sabotage, electrical service was reduced to 70 percent of normal between January and December. Thus, the oligarchy had to spend approximately 15 million colons to keep its electrical plants in operation.

Likewise, the FMLN carried out 368 ambushes and 20 military maneuvers. We also attacked several barracks, including those of the 4th Infantry Brigade, 3d Infantry Brigade, 6th Infantry Brigade, 4th Military Detachment, Arce Battalion, Atonal Battalion, National Guard, Air Force, and Armed Forces Joint General Staff.

It is also appropriate to mention that we effectively implemented several transportation stoppages. Also, as a result of our sabotage of the regime's war economy, cotton has practically disappeared as an export, and the coffee harvest has been reduced by 50 percent compared to previous years.

FMLN Announces Military Activities

21-28 December

PA3012134188 [Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 29 December broadcasts 11 minutes of military reports. The first report says "a Cayahuanca Battalion patrol was ambushed between La Laguna and Pailia and four soldiers were wounded. The same day, guerrillas inflicted two casualties on the Atlacatl Battalion at Plan de Palcora, Chalatenango Department."

The report continues that "on 27 December, guerrillas attacked government forces at (?Famoran), seriously wounding a soldier." In addition, "at 1600 on 24 December, urban commandos simultaneously detonated three propaganda bombs south of the Civil Defense command post in Jetustepeque, another at a bridge, another at Cuscatancingo, and still another in the center of San Marcos." [sentence as heard]

Another report states that "on 25 December, urban commandos damaged three transformers in Ciudad Delgado. At 1700 on 27 December, FMLN forces ambushed 6th Infantry Brigade troops with rifle fire between Usulutan and San Marcos Lempa. The troops sustained five casualties."

The next report says that "at 2200 on 21 December, rebels occupied a stretch of the highway between Berlin and Santa Rita near Hacienda Alejandrina, Berlin, for 3 hours. Enemy troops were attacked in Narino, Jiquilisco, Usulutan, on 27 December. Six government soldiers were wounded, including a lieutenant. The same day in Santa Lucia, Cabanas, enemy troops were harassed by snipers on the highway between Sensuntepeque and Ilobasco; two of the enemies were killed. Also on 27 December, militia units blew up a post on the northern highway in Chalatenango."

The final report states that "at 0000 on 28 December, a number of coffee sacks were damaged in San Francisco Chinameca because the coffee farm owners had failed to use the salary rates decreed by the FMLN."

Report Claims 30 Casualties

PA0101152089 (Clandestine) Radio Venceremos in Spanish to El Salvador 0013 GMT 31 Dec 88

[Text] We have a report on successful military maneuvers in San Vicente and Usulutan Departments, including a deadly ambush on puppet army troops near the 14 June neighborhood on the coastal highway. We are trying to contact our brothers at the southeastern front to provide details of this successful ambush.

Meanwhile, here are details of the military maneuvers in Chalatenango Department. Attention: Our guerrilla units inflicted a total of 30 casualties in a victorious operation in the early hours of 30 December. The maneuver, called Workers, All to the Offensive for Victory [Trabajadores, Todos a la Ofensiva por la Victoria], resulted in a successful raid against a 4th Brigade Company in Francisco Morazan. At 0030, as a result of our units' heavy attack, the enemy was unable to respond.

28, 29 Dec Battle Reports

PA0101144889 [Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 30 December broadcasts 5 minutes of military reports. The first report says "Our military actions do not stop because December is ending and we have already given the annual report of our military activity. Our forces have ambushed 4th Infantry Brigade troops and inflicted 10 casualties. Our men continue to fight the puppet army's troops, poverty, and oppression. We inflicted a total of 10 casualties today, 29 December. Our rebel units ambushed the 4th Infantry Brigade on the northern highway at Plan La Luna between (?Tepipio) and [word indistinct] Chalatenango Department. The ambush against the 8-vehicle military convoy began at at 0630. The vehicles were totally immobilized and the troops had to withdraw quickly toward Tejutla. Later, our men took over a section of the northern highway and the people saluted them."

A further report states that "as previously reported, our men made another ambush this 29 December. The Paracentral Anastacio Aquino Front reported ambushing a military vehicle with two powerful Manuel Jose Arce mines on 28 December at 1400 [dates as heard]. The ambush took place at Calle Nueve on the road to (Taquepeque.) The vehicle was carrying troops from east to west on the Pan-American highway. The action resulted in 10 soldiers dead and their vehicle was split in two. A few minutes after the ambush, an aircraft appeared [words indistinct] the plane landed between two enemy positions. We salute our companions of the Anastacio Aquino Front."

The final report says FMLN units occupied the towns of Sociedad and San Isidro, Morazan Department on 28 December. After the occupation, the report adds, FMLN militias blocked the road between Sociedad and Corinto near El Tablon and destroyed two electric towers.

The report also says that guerrilla units attacked two Ponce Battalion positions with rifle fire for 1 hour in Ciudad Barrios on 28 December, inflicting four casualties, and that on the same day at 0130, militia units harassed "enemy positions" in Carolina with rifle fire, grenades, and homemade grenades. The report concludes by announcing that FMLN Amilcar Mendoza Urban Commando units sabotaged an electric tower in San Salvador at 0125 on 28 December.

Army Reports 23 Guerrilla Casualties in Clashes

PA0101132689 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Dec 88

[Text] The Salvadoran Army reports that it has inflicted 23 casualties on the FMLN in clashes throughout the country in the past 7 days.

According to the Army report, 4 guerrillas were killed and 18 [figures as heard] were wounded. The report adds that the Army confiscated 12 rifles and a large amount of war materiel.

The Armed Forces also reported the execution of eight peasants in Morazan Department who refused to collaborate with the rebels.

The Salvadoran Army added that on 27 December the rebels attacked a main energy transmission line that has already been repaired by CEL [Lempa River Hydroelectric Executive Commission].

ARENA Claims Foreign Political Intervention

PA0301023289 San Salvador DIARIO DE HOY in Spanish 30 Dec 88 p 3

[Text] The Nationalist Republican Alliance (ARENA) has asked that foreigners or "media mercenaries" intervening in favor of the official party's political campaign

be expelled from the country and has reported that the Christian Democratic government has violated the Constitution and the Electoral Code by hiring them.

Leaders of ARENA, the number one political opposition force, cited Article 97 of the Constitution, which establishes that no foreigner has the right to intervene directly or indirectly in domestic politics, and those who do lose the right to live in El Salvador.

The ARENA leaders say Article 242 of the Electoral Code states that "foreigners who directly or indirectly participate in political activities will be immediately expelled [extranados] from the national territory and the Central Election Council will report these infringements to the Interior Ministry."

The ARENA leaders say that "it is well known that the Christian Democratic Party, through the Presidential Palace and Propaganda Ministry [as published] have hired foreign personnel from Chile, Venezuela, and Guatemala to lead Fidel Chavez Mena and Jose Francisco Barriento's political campaign, arguing that there are no qualified technicians in El Salvador."

Among the better known foreigners who are openly taking part in the electoral campaign in favor of the official candidate are Miguel Fritis from Chile and the group internationally known as "The Salvadorans."

In view of this brazen violation of the Constitution and the Electoral Code, ARENA demands that the Central Election Council immediately report this infringement to the Interior Ministry so the foreigners who are participating in domestic politics be expelled.

Guatemala

Foreign Minister To Resign, Run for President

PA3012181988 Guatemala City Radio Nuevo Mundo in Spanish 1200 GMT 29 Dec 88

[Text] President Vinicio Cerezo has confirmed that Foreign Minister Alfonso Cabrera will return to Congress. President Cerezo reported that there will be no changes in his cabinet. He added that Foreign Minister Cabrera will leave his post to retake his seat at the National Congress in January or February. Foreign Minister Cabrera wants to run for president and, of course, the current government supports him.

Army Transfers Soldiers to Salvadoran Border

PA0301012789 Guatemala City PRENSA LIBRE in Spanish 30 Dec 88 p 17

[Text] Chiquimula—Owing to recent incidents in the city of Metapan, 12 km from the border with El Salvador, approximately 100 soldiers along with light-armored vehicles from Military Zone No 8 were transferred to Nueva Anguiatu region. The Civil Defense provided reinforcements. According to official sources, the border area is being patrolled because the Army is on alert to prevent any violation of our territory.

These security measures include transferring soldiers and Chiquimula Civil Defense units. Chiquimula's Civil Defense has traditionally supported the Army. Moreover, the sources added the Civil Defense is always present wherever civilians are seen carrying the national flag. Although these civilians may carry a few hunting rifles and machetes, they always preserve the peace.

Military Region No 8 will continue to watch and control the area. The sources said this measure was adopted because of FMLN attacks on Salvadoran soldiers in areas very close to our border.

Foundation for Institutional Development Created

PA3012142888 Guatemala City PRENSA LIBRE in Spanish 27 Dec 88 p 8

[Text] The charter for the Foundation for the Institutional Development of Guatemala [Fundacion para el Desarrollo Institucional de Guatemala] was signed last night [26 Dec] at the former Polytechnic School. Representatives of the five sectors of government were present at the event.

Guatemalan Defense Minister General Alejandro Gramajo Morales, who heads the foundation's provisional board of directors, said this new institution is being born only 11 years before the beginning of the 21st century.

Among other things, Gen Gramajo Morales said that as of this day, the Army would cease to be the sole sponsor of the search for peace and that Guatemala would become a cosponsor of this search.

The charter for the new institution, born on the same day that President Cerezo celebrates his birthday, was read by Enrique Claveri Delgado, who also read the names of the members of the provisional board of directors.

The following are the members of the provisional board: Gen Alejandro Gramajo Morales, president; Colonel Julio Rene Prado, treasurer; Maria Elizabeth Galvez Salazar, secretary; Cesar Lechuga, first nonvoting member; Jose Maria Argueta, second nonvoting member; and Carlos H Porras, third nonvoting member.

During the signing ceremony, it was unanimously agreed by all of the founding members that the first general assembly will be held on 24 January. This new foundation will be responsible for ensuring that there will always be peace in our country.

Cesar Augusto Lechuga addressed those present at the event and said the foundation will be responsible for operating the Center of Strategic Studies for National Stability [Centro de Estudios Estrategicos para la Estabilidad Nacional].

Dr Francisco Beltranena, General Ricardo Peralta Mendez, President Vinicio Cerezo Arevalo, Maria Luis Valladares de Padilla, Leonel Brolo Campos, Dr Hugo Argueta Figueroa, Juan Luis Bosh, and Ramiro Castillo Love, were among those who signed the charter.

Honduras

Government To Countersue Nicaragua Under ICJ

PA3012171188 Tegucigalpa EL HERALDO in Spanish 27 Dec 88 p 3

[Unattributed report on statements to EL HERALDO by Mario Carias Zapata, ambassador to the Netherlands and representative at the International Court of Justice; date and place not given]

[Text] If Honduras had invoked the Bogota Pact at the International Court of Justice [ICJ] to prevent the institution from declaring itself competent to hear Nicaragua's suit against Honduras, it would have been to no avail. According to the [ICJ] procedures, the protest would not have taken effect until a year after its presentation.

Mario Carias Zapata said this in defending the Foreign Ministry against criticisms made by international experts that Honduras should not only have expressed its reservations to the ICJ, but it also should have invoked the Bogota Pact, the instrument on which the magistrates based their decision.

In early 1986, Honduras expressed its reservations to the ICJ regarding its competence and jurisdiction over this specific case, when the National Congress approved decrees 75 and 79 modifying the cases on which the ICJ would have jurisdiction over the country's affairs.

In a statement to EL HERALDO, Carias Zapata defended the Foreign Ministry's position that according to ICJ regulations, there cannot be two hearings on the same case at the same time. He noted that the ICJ judges did not analyze Tegucigalpa's position because the two countries are signatories of the Bogota Pact.

The Bogota Pact was signed in 1948 and Honduras joined it in 1950. It is also known as the Inter-American Treaty for the Solution of Disputes.

Carias Zapata said that "the pact has not been invoked in its 40 years of existence" because its provisions are somewhat complex.

Carias Zapata, who is handling a border dispute with El Salvador at the ICJ in addition to the Nicaragua case, added that Honduras insisted the Court should not hear the case, as the dispute could be solved by other means such as direct negotiation or a joint solution.

He added that Honduras believes that the parties involved—Honduras and Nicaragua—had chosen the Contadora Group and Esquipulas II peace process as the mechanism to solve the dispute and that since those two options are still open, the ICJ should not accept or proceed with the suit.

Carias Zapata said the ICJ's decision to hear the case in spite of the regional negotiating processes is based on the fact that when Nicaragua filed the suit on 28 July 1986, the Contadora Group (Mexico, Panama, Venezuela, and Colombia) "had reached a stalemate." However, Carias viewed this as a weak point by the ICJ because the Contadora Group is still active, its foreign ministers have met recently, and its efforts have continued through the Esquipulas II process with the signing of an agreement by the five Central American presidents on 7 August 1987.

Carias Zapata confirmed that Honduras will file a countersuit against Nicaragua during the same trial scheduled to begin once the court's jurisdiction over the case is defined.

He stressed that Honduras will base its charges on the Sandinist's violation of international law in attacking Honduran territory and meddling in Honduran domestic affairs and will also consider the downing of a Honduras Air Force helicopter by the EPS.

He said that Honduras will demand indemnization for damage as Nicaragua has done in its ICJ suit, adding that this is technically known as "a concommitant issue" [incidencia] within the process and is allowed under ICJ regulations."

Carias Zapata said he did not know when Honduras would file its countersuit or how much longer the process would last. The hearings in which the Sandinists must prove their charges would normally last a little over 2 years.

He added that the parties involved in the conflict must meet with the president of the ICJ to determine the deadline for Nicaragua to file its formal charges and the time given to Honduras to prepare its defense in a document to be presented before the ICJ.

The oral phase will begin after the parties present their documents. At this point it will be determined whether the petitions filed by the states are legal. A new process must be followed to determine the amount of the indemnization, as the state winning the case must submit a written request for an estimated amount to be reviewed by the judges who will confirm its validity. The Court makes the final decision regarding the indemnization payments. Carias Zapata said that the ICJ ruling confirming its competence to hear the Sandinist suit against Honduras for allegedly harboring rebels—which according to the Sandinists violates international law—will generate an inter-American theoretical debate, as more than 16 states are interested in the case.

He said that the resolution itself has set a precedent in international law, by which one of the parties involved can directly present its case to a court notwithstanding the fact that bilateral or regional efforts are being conducted to find a solution to the controversy.

Carias Zapata noted that according to Galo Leoro, an Ecuadoran international expert, if the two parties involved in a conflict do not reach an agreement the ICJ cannot handle the case. In addition, experts have concluded that the ICJ's jurisdiction is based on mutual consent by the parties involved and in this case Honduras was opposed to it.

He added that another topic to be covered during the trial will be the role played by the Contadora Group, as the court based its decision on the fact that this regional group had reached a "stalemate" at the time the Sandinists filed their suit.

Carias Zapata recalled that in June of this year, during the oral phase to determine the ICJ's competence in the case, Nicaragua said that it did not view the Contadora Group as a forum for negotiations, but as a stage for debates.

According to Carias Zapata, this is an interesting allegation, as it contradicts the spirit of the Contadora Group. He added that the reaction of the presidents and foreign ministers of the four Latin American countries that make up the Contadora Group is awaited, as they devoted their prestige and their time to this effort only to find out now that they were not negotiating for peace in Central America as they had thought.

Azcona on ICJ Ruling

PA0101050389 Tegucigalpa Televisora Hondurena in Spanish 0208 GMT 1 Jan 89

["Year-end speech" by President Jose Azcona Hoyos; place not given—live]

[Excerpts] Compatriots: On this date, as has been my custom every year in my term, I come before the nation to give the Honduran people a year-end message that contains, first of all, my private wishes for the personal happiness of each and every one of the people who make up our nation. It is indeed my most cherished wish that all Hondurans, without any exception, enjoy peace both in their homes and in the social environment of the Republic. [passage omitted]

In the area of foreign policy, particularly the regional peace negotiations, in its preliminary hearing on jurisdiction and the admissibility of Nicaragua's suit against Honduras, on 20 December the International Court of Justice declared that it is competent to hear this suit. By that decision, the Nicaraguan Government was assured of a judicial recourse against Honduras as a procedure for solving the Central American crisis. According to the commitments made in Mexico City on 30 November, within the Executive Commission, we will participate in the series of meetings scheduled to be held in Managua, both at the technical level and at the level of the Executive Commission, from 10 to 13 January, and in the meeting of presidents scheduled to be held in San Salvador on 15 and 16 January.

The Nicaraguan Government now has the option of pursuing the judicial proceedings with regard to Honduras to resolve substantive aspects of the Central American crisis, such as the extension to the Honduran border of the civil war under way between the armed opposition and the government established in Nicaragua, the resulting hundreds of thousands of refugees, the systematic armed incursions by air and land that disrupt the tranquil lives of Honduran towns on the border, and the destabilization, through terrorism, infiltration, and sabotage and the traffic of weapons across the border. This is the route the Nicaraguan Government could take. Or, in line with Esquipulas II, it could deepen the procedure to establish a firm and lasting peace in Central America.

We reaffirm our proposal to internationalize our borders with the two countries that are experiencing civil wars in order to avoid contributing to the confrontations existing in those countries, and, on the contrary, to make an effort to achieve agreements of national reconciliation by which to restore political pluralism, democracy, and regional normalcy. [passage omitted]

America's Watch Sends Letter to Azcona

PA0301005489 San Pedro Sula TIEMPO in Spanish 30 Dec 88 p 6

[Editorial: "The Letter America's Watch Sent to President Azcona"]

[Text] The letter sent by the U.S. prestigious organization America's Watch to Honduran President Jose Azcona on 12 December contains extraordinary revelations that would shake society's conscience anywhere in the world.

The mere fact that this letter reveals the names of the alleged murderers of human rights advocates Miguel Angel Pavon and Moises Landaverde is a real event, especially when the people mentioned in the letter are members of state security.

The other extreme is the expulsion of a well-known journalist from THE WASHINGTON POST, Julia Preston, from Honduras and that of Joe Eldridge, who is a Protestant priest and a philanthropist distinguished for his work in benefit of the Honduran people. Eldridge worked through WOLA (Washington Office of Latin America). Those expulsions leave us with the certainty that everything is part of a repressive plan that does not admit obstacles and that probably has extraordinary accomplices still undiscovered.

Therefore, it is not surprising that the Honduran police and the Attorney General's Office recently began a dirty campaign to cover the truth. For that purpose, they used the weak method of trying to blame Ramon Custodio, president of the Honduran Human Rights Committee [CODEH], of the aforementioned murders.

That type of dark distortion of the truth is not unknown either. It has been used since remote times and in similar situations, and unfortunately on many occasions it has been temporarily successful. In the end, things are clarified, as in the genocide case in Argentina at the time of the military regime.

In the paragraph dealing with the murders of Pavon and Landaverde, America's Watch letter tells Azcona:

"We would like to call your attention to the statements made by Sergeant Fausto Reyes Caballero, which were published by THE WASHINGTON POST. Sergeant Reyes said Pavon and Landaverde were killed by two Armed Forces members: Lieutenant Mario Quinonez, who is a sharpshooter and currently Department of National Investigation homicides chief, and motorcycle driver Sergeant Jaime Rosales. According to Reyes, both men were members of Battalion 3-16, headquartered in San Pedro Sula at the installations behind the 105th Brigade garrison. Similarly, Sergeant Reyes said he saw the missing Roger Gonzalez in the hands of Battalion 3-16 members in San Pedro Sula in July 1988. We ask you to give the necessary orders to clarify Sergeant Reyes' statements."

Mr President, here you have a call to fulfill your duty and a call for the judicial branch to do the same. Instead of contributing to make more waves—as people say—the country's attorney general must be asked to find out the truth about the accusations published by an international newspaper such as THE WASHINGTON POST and mentioned by a forum such as America's Watch.

As if that were not enough, it has been learned that for a few days a document related to the 27th Conference of Latin American Armies (CEA) held in Buenos Aires (Argentina) in 1987 dealing with "a study" about Honduras has been secretly circulating.

Among others, two paragraphs in the aforementioned document dealing with what would happen to Pavon and Landaverde later on and with the campaign against current CODEH President Custodio are very suggestive.

"In that respect, it is important to mention the activities conducted by the legal, extreme, left Innovation and Unity Party (PINU), which has significant economic means. That party operates through the permanent confrontation among political authorities, Armed Forces, students, and associations."

"PINU condemns the U.S. presence in Honduras; it accepts Nicaragua's Marxist leaning as a reality; it promotes a political understanding between Honduras and Nicaragua."

"PINU is efficiently organized and has the support of the continent's international leftist organizations. No commitments with organizations of the communist world have been registered."

"In general, one can see that the country's radical groups would try to reactivate armed activities and that they are probably promoting circumstances to justify such activities."

Cabinet, Ambassadors Resign as 'Courtesy'

PA3012200788 Panama City ACAN in Spanish 1909 GMT 30 Dec 88

[Text] Tegucigalpa, 30 Dec (ACAN -EFE)—All Honduran ministers and ambassadors have submitted their resignations to Honduran President Jose Azcona to leave him free to confirm or replace them in their posts.

The ambassadorial and ministerial resignations are not the result of an executive branch internal crisis, but an action of courtesy that traditionally takes place at the end of every year to let the president reorganize his cabinet if he wishes.

A presidential spokesman told ACAN-EFE in Tegucigalpa today that Azcona will accept the irrevocable resignations of Alberto Discua, labor minister, and of Juan Fernando Lopez, communications, public works, and transportation minister, for health reasons.

The resignations of Culture and Tourism Minister Arturo Rendon and Presidency Minister Celeo Arias will also be accepted, because the National Congress agreed to eliminate those two ministries.

The source added that other close assistants of President Azcona will resign in May 1989, because they have been elected deputies to the National Congress for the legislative period beginning January 1990, the year when President Azcona's term will end.

Foreign Debt Law Approved, Cabinet Reorganized

PA0301003789 San Pedro Sula LA PRENSA in Spanish 30 Dec 88 p 13

[Report by Jorge Leonardo Barrios]

[Excerpts] Tegucigalpa—A legislative source reported yesterday that President Jose Azcona approved this week the decree that includes the Foreign Debt Conversion Law, plus other bills issued by the National Congress in the last sessions of its recently concluded legislative period.

The new law will allow the government to implement a mechanism that lowers the foreign debt amount and sponsors investments in production activities that generate additional foreign exchange. This represents the creation of new jobs and the use of national raw materials, which encourages economic activities.

The decree approved by Azcona allows the executive branch to carry out operations to convert the foreign debt into documents issued in lempiras. These documents will be called "foreign debt conversion bonds," which will be individually legalized by a presidential decree—to be issued through the Finance and Public Credit Secretariat.

According to the decree, the amounts resulting from the conversion operations will be invested in activities of economic and social interest for the country, giving priority to activities that generate foreign exchange.

The articles of the Foreign Debt Conversion Law specify what is eligible for conversion: central government, decentralized agency, and private agency obligations that are guaranteed by the government and autonomous state agencies and that, according to the law, bind the Republic of Honduras. Also, the obligations—and their respective refinancing agreements—must have been acquired prior to 30 November 1982.

The document bans the use of funds that are the result of foreign debt conversions for imports, the local purchase of foreign products, or the payment of foreign exchange services.

The document also states that the total issuance of "foreign debt conversion bonds" will not exceed the amount of the debt specified in the same decree, and the bonds will be issued for a 7-year term, depending on the characteristics of each investment.

The bonds will be issued without guarantee; they will be bought back, except specific cases that are stated in the law; the interest will be income-tax exempt; and the bonds will be handled by the Central Bank—according to the terms and conditions stated in the agreement that will be signed by the Finance and Public Credit Secretariat.

The law specifies what criteria should be used by the Central Bank and the Finance and Public Credit Secretariat for the issuance of bonds: "The generation of foreign exchange through new investments, creation of jobs, aggregate value for production, and others."

Referring to investments, priority will be given to those that generate products and services exports; the purchase of fixed assets wholly or partially owned by the state within a program to privatize enterprises; and the payment of central government or autonomous agency obligations. [passage omitted]

The legislative source reported that the president also signed the decree to reorganize the central government's structure in such a way that the existing 12 secretariats will be reduced to 11.

The reorganization will be carried out as follows:

The Ministry of the Presidency will be abolished. The Finance and Public Credit Secretariat will be merged with the Economic and Commerce Secretariat to become the Finance, Economy, and Public Credit Secretariat.

Commerce activities will become part of a new ministry—the Industry, Commerce, and Tourism Secretariat—given that the Culture and Tourism Secretariat will be dismantled.

Once the Culture and Tourism Secretariat disappears, the culture sector will become part of the Education, Culture, Youth, and Sports Secretariat. Also, the word "public" will be eliminated from the Public Health Secretariat, which will be now known as the Health and Social Welfare Secretariat.

Nicaragua

Ortega Delivers 1988 Year-End Speech

PA3112222788 Managua Domestic Service in Spanish 1804 GMT 31 Dec 88

["Year-End Speech" by President Daniel Ortega Saavedra at the Omar Torrijos Military Garrison in Managua on 31 December—recorded]

[Text] The year 1988 was a time in which we all struggled and worked under the slogan: For a dignified peace, free fatherland or death!

All our efforts—domestic and foreign—were aimed at achieving that dignified peace; that peace that the Nicaraguan people, the Nicaraguan mothers, and the Nicaraguan youth demand.

The year 1988 was also a time of historic progress toward peace in the world, because we Nicaraguans are not the only ones who are concerned about peace; all the peoples of the world are. Therefore, it is easy to understand why superpowers like the USSR and the United States have reached historic agreements. This also explains the cease-fire between Iran and Iraq; the Soviet initiatives to withdraw troops from Afghanistan; the Cuban efforts to contribute to the independence of Namibia, [and its support for] the people of South Africa, and Angola; the efforts by the Vietnamese people, who, as a contribution to peace, sent troops in defense of the people of Kampuchea and this year began withdrawing those troops from Kampuchea. We must stress that all these efforts are being carried out under the auspices of the United Nations, a phenomenon that is strengthening the UN system.

In the international field, along with these peace efforts, there are other struggles for peace, which are the objective of all peoples. We have seen the firm and assertive attitudes of the African, Palestinian, Chilean, and the Salvadoran peoples. These people, together with other peoples of the world on various continents, are struggling for peace, independence, and sovereignty. These people, due to the circumstances that confront them, have had to arm themselves, making legitimate use of the right to conduct an armed rebellion to achieve justice, liberty, and peace.

Another important factor that predominated in the international field and which therefore had an influence in the Nicaraguan reality was the economy. Developing countries—Latin American, African, Asian countries—are still victims of the totalitarian policies of developed countries with market economies—capitalism. These policies have caused an economic stagnation, particularly in Latin America and the Caribbean, during the 80's.

Experts from international organizations specifically point to the 1980 - 1988 period as a time of economic stagnation. The figures we are using have been calculated by experts from international organizations such as the United Nations. These figures show a cumulative decline in per capita GNP—in other words, GNP has declined by 6.6 percent for every inhabitant of Latin America from 1980 to 1988. Central America alone has experienced a 17 percent decline. There has been a 6.6 percent decline in all of Latin America and the Caribbean, while there has been a 17 percent decline in Central America alone.

This decrease is linked to the totalitarian economic policy maintained by the capitalist countries in the economic market, which in turn is linked to the Third World's foreign debt. In 1979 this debt amounted to $533 billion. It is now $1.074 trillion in 1988. In other words, the debt has doubled. The interest paid by Latin American and Third World countries is very high. Latin America is now responsible for $400 billion of the total Third World debt. The Latin American foreign debt has increased 114 percent compared to what it was in 1979.

In 1979, 15 percent of the total derived from Latin American exports was used just to make interest payments on the foreign debt. We are now using 30 percent of the total derived from exports to pay the interest on the foreign debt.

From 1982 to 1988, Latin America has paid $179 billion—in what is known as a net transfer of resources—to developed countries. We—and this is ironic, because our countries have been impoverished by this totalitarian policy—are contributing to the great wealth of rich countries. We are financing the developed countries in the economic market.

To top it all off, Latin America's relations with the IMF, the World Bank, and the IDB—which were relatively good up until 1987—have now soured, because in 1987, for the first time, there was a negative balance of $2.5 billion on the Latin American debt.

What does this mean? It means a foreign debt crisis. To this we must add the deterioration of commercial activity as a result of the prices set by rich countries for their products, which are higher, and the prices they set for our products, which are always lower. This has led to a 22-percent decline in international trade activity for Latin America and the Caribbean between 1981 and 1988.

Therefore, inflation—and this is where I was heading, because inflation has become an everyday topic here—in Third World countries in Africa, Asia, and all Latin American countries, is much higher than in 1980. In Latin America alone, inflation is now 8.4 times higher than what it was in 1980.

So the problem of inflation, just as it affects Nicaraguans, affects all Latin American countries. It is really shocking to see countries with enormous resources, great natural economic resources, and enormous human resources, with inflation rates exceeding 1,000 percent. Right here in Latin America, there are countries with inflation rates of over 1,000 percent that do not have to face the aggression that Nicaragua has been enduring since 1981.

Nicaragua takes into account all these factors I have mentioned in considering the international economic crisis. We are part of the reality of Third World countries, of Latin America, and we are not an exception. The international economic crisis also affects Nicaragua.

To this we must add the damage caused by U.S. policy, which is a policy of aggression against Nicaragua that is expressed in various ways. It is expressed through military actions, through economic actions, through the embargo, the blockade; it is expressed through international actions. In other words, over all these years the United States has maintained a policy of sustained aggression against Nicaragua. The United States has been systematically conducting a policy of state terrorism against our country.

In 1988, 7,132 Nicaraguans—3,084 of whom died—have been victims of this war. The total number of war victims so far is 57,357 Nicaraguans, 29,113 of whom died. The number of orphans—children who are orphans as a result of the war—is 16,470. These are figures we cannot ignore. We have to mention them every day, because every day we have to add more victims, more dead, more mutilated people. There are 57,357 war victims so far.

That means that if the United States were experiencing a similar war for the same period of time, for 8 years, and in view of its population, it would have 4,060,875 war victims by now. On a proportional basis, that figure is equivalent to the 57,357 Nicaraguan victims. That figure is also equivalent to the entire population of the state of Minnesota.

The 29,113 people who have been killed here in Nicaragua—we have a small population compared to the U.S.—would represent 2,061,200 people killed in the United States if the United States were experiencing the same type of aggression we are experiencing. That figure is equivalent to the entire population of the state of Virginia [as heard]. How can we ignore that? How can any Nicaraguan, regardless of his political or religious affiliation, ignore that reality? That reality also indicates that this year's economic damage totaled $255.9 million, which, added to the economic damage of previous years, results in cumulative damage of $12.2 billion. That damage is the result of the direct and indirect effects of the war.

The credit restriction policy promoted by the United States against Nicaragua, which encouraged international and multilateral oranizations to deny us credit lines that had already been approved for Nicaragua, has meant that between 1980 and 1988 Nicaragua did not not receive $422.9 million. We should have received that money and we did not because of the U.S. policy.

Since the U.S. trade embargo was declared in 1985, Nicaragua has lost $315.5 million. How can a person who calls himself a Nicaraguan citizen and who was born in this country—although belonging to an opposition political party or professing a certain religion whether he is Christian, Catholic, Evangelic, or of any denomination—how can a Nicaraguan or a Christian—because we live in a Christian society—ignore these facts and the meaning of this systematic policy of state terrorism that has harmed the Nicaraguan economy and life so profoundly? You do not have to be a fortune-teller or a genius to understand the causes of the great social and economic problems we are facing. The causes are very clear.

To face that terrorist policy in 1988, we maintained our slogan: For a worthy peace, free fatherland or death! And we continued working on our military, productive, and social fronts. The main FSLN cadres have always led the military, political, and social mobilizations.

What are the main FSLN cadres? They are not those who hold a specific government post. The FSLN cadres are those who, through their anonymous work, became essential elements in the defense of the revolution. Those hundreds and thousands of anonymous heroes, Sandinist militants, members of mass and social organizations, are the ones who carry out their tasks within the framework of various revolutionary structures at the war fronts.

The humble and simple peasants of Wiwili, Yaosca, El Rama, Bluefields, Puerto Cabezas, Las Minas, Monimbo, Subtiava; the people of the Managua neighborhoods, and throughout the country; the people who participated in the Ganso Operation, which dealt a death blow to the U.S. forces; those who participated in the Heroes and Martyrs of Quilali Operation; those who participated in the daily tasks, the little tasks that must be conducted every day; and those who showed courage in the face of the hurricane and its aftermath—they are the makers of the defense of our revolutionary power. They are the heart of the Nicaraguan people.

With great patriotism, thousands of Nicaraguans, who without being FSLN members or militants, or members of mass organizations, or part of some of the structures of the revolutionary state, have also participated in the great tasks that the defense of revolutionary power demands.

In 1988 and under our slogan: For a worthy peace, free fatherland or death, we made efforts abroad to continue promoting the negotiation process with the United States. That is our real negotiation. The agreement reached by the Central American presidents, which was ratified in Costa Rica early this year, confirmed the Central American presidents' desire to continue working for peace regardless of the U.S. Government's opinion about that desire. Furthermore, that agreement was reached against the U.S. Government's will, because while we worked for peace, the United States continued financing and arming the mercenary forces. The United States helped the mercenary troops move toward Honduran territory. The United States continued conducting military maneuvers with Honduras to threaten Nicaragua. The United States also deployed U.S. 82d Airborne Division troops to defend the mercenaries who were being dealt fatal blows by the people's army.

We must particularly stress the meaning of the International Court of Justice ruling regarding the suit Nicaragua filed against Honduras. That ruling strengthened international legal order.

Nicaragua has become a champion of the international legal order. I recall when, several years ago, our foreign minister, Father [Miguel] D'Escoto, proposed that we present charges to the International Court of Justice [ICJ]. At that time he proposed that we present charges against the United States, that we accuse the United States. His proposal was viewed with skepticism then, even among ourselves. The international world was even more skeptical about it. Friendly governments that were concerned about the situation in Nicaragua and the attainment of peace and governments of different political ideologies were skeptical. They believed that D'Escoto's proposal was an impossible mission. To imagine that the ICJ would agree to even begin a trial against the United States seemed impossible. The international legal order had deteriorated. The United States had been working to help it deteriorate, to mar the United Nations, to wipe out the international legal order and its instruments, such as the ICJ. Those were the conditions that existed when we went to the ICJ to present charges against the United States.

In a truly historic verdict, the United States, which had been accused by a small Third World country called Nicaragua, was condemned by the ICJ. The judges, the law, the international legal order condemned the Yankee government for its terrorist acts. Now it is not not only we who are accusing the U.S. Government, it is also the world's highest court of justice that has rendered a verdict and condemned the Yankee government. No Nicaraguan really feels that Nicaragua can ignore this verdict. All Nicarguans should feel proud of this historic event, even if we have different political and ideolgical positions.

This year the ICJ has agreed to hear the charges made by Nicaragua against Honduras, and the UN mechanisms have been strengthened. The UN is present in Afghanistan because of the USSR. It is present in the withdrawal of troops from Angola and the agreement that has been reached there because of the Angolan people and government, the Cuban Government, and the people of southern Africa. The PLO has gained more international acceptance, it has gained legitimacy in the world when it accepted the UN resolution. The war between Iran and Iraq ceased when they accepted a UN resolution. Thus, Nicaraguans can feel proud of pioneering the strengthening of the international legal order. Nicaragua presented its formal demand in 1985, and from that time to 1988, 3 years have elapsed. In 3 years the UN system has become stronger, even though, after the ICJ presented its verdict, the United States tried to break up and destroy the UN system.

The Soviet Union has emerged as a defender of the United Nations, and this has given a new meaning to international law.

We also have to point out how the National Assembly this year continued to strengthen the legitimization and institutionalization processes of the revolution.

One effect of the defeats that the mercenary forces have been suffering, of the overwhelming impact of the Danto Operation this year, was that a historic agreement was reached—the Sapoa Agreement. In that agreement, the U.S. Government's mercenaries distanced themselves somewhat from Reagan's policies and accepted peace in the face of an imminent and total defeat. Rather than risk total defeat, they chose at that moment to accept the hand that the Nicaraguan Government and people stretched out to them.

But that process was damaged by the United States, and now the mercenaries, as well as Reagan's policies, are going through a profound political and military crisis. This is a fact.

We also made an effort to promote a national dialogue. This dialogue was accepted by many political parties. It produced some positive results, but it was defeated by the destructive and destabilizing work of the U.S. Government.

In 1988, the revolution continued implementing its land distribution project and 3,091 peasant families received land. These families received 60,000 manzanas of land. This means that between 1980 and 1988, the FSLN, complying with a historic commitment, has distributed 3,084,900 manzanas of land to our Nicaraguan peasants. This land represents 38 percent of the country's farmland. This land distribution program has benefited 102,086 families, that is, approximately 600,000 people. This represents 17 percent of the total population. We plan to maintain this agrarian reform policy.

In 1988 we also passed a law canceling the debts that thousands of Nicaraguan families owed to the Housing Bank.

[Text] This was beneficial to 22,997 families who currently live in their own homes and who have been receiving the deeds to their property. There may be some families who have not yet received their deeds, but they will continue to be issued until all the property owners have one.

We will adopt this policy with other families in 1989 as well. We will include thousands of families from other neighborhoods in the capital and other cities who owe money to the Housing Bank so that thousands of other Nicaraguans can also live in their own homes.

In 1988 we also began the seventh coffee battle. It is a battle in which thousands of volunteers and regular coffee harvesters are currently participating.

We also gave out over 300,000 free toys to the Nicaraguan children.

In 1988 we celebrated the 10th anniversary of the October offensive and the September rebellion. Actually, it was the 11th anniversary of the October offensive and the 10th anniversary of the September rebellion. In 1988 we also celebrated the 100th anniversary of our poet Ruben Dario's universal work called Azul.

In 1988 we also received much international support. We shared the sorrow and pain when a group of Americans were ambushed on the Rama River by the U.S. Government's mercenaries. An American pastor, Lucius Walker, was wounded and shed blood in that ambush.

The year 1988 was one in which we took a series of economic measures. We adopted economic measures in order to save our economy—to prevent it from sinking and collapsing. We adopted severe economic measures that entailed sacrifices from all Nicaraguans, including producers and workers, professionals and technicians, and all sectors of Nicaraguan society. These measures were adopted in the month of February with the operation called Heroes and Martyrs of Quilali and with the issuance of new currency.

We want to mention the following statistic, which reveals the effectiveness, or lack of effectiveness, of the measures. We had a high cumulative inflation rate carryover from the previous period. If we calculate our inflation between March and December 1988, we have a cumulative inflation rate of 5,884 percent. We must point out that, according to the first estimates, the inflation rate was higher than we thought—because we thought inflation would be around 1,200 percent. In June we had more or less an idea of what the inflation rate was, and we thought that by keeping the economic factors under control, amid great restrictions and limitations, we were sure the December inflation rate would reach no higher than 2,500 percent.

However, in the month of October, when we were once again evaluating the effects of the economic measures, we were caught by surprise by the hurricane. The hurricane became a factor that brought about severe economic destabilization, not only from the physical point of view—inflation immediately skyrocketed following the hurricane, and this was not taken into consideration when we adopted our economic measures—but from the psychological point of view. When the hurricane struck, the people naturally become more insecure, especially in the sectors that were the most adversely affected. Large sectors of the population and the economy were adversely affected by the hurricane.

That is why inflation skyrocketed following the hurricane, and we now have a 110-percent inflation rate in late December. Prior to the hurricane, we had inflation rates that were tolerable within our economic reality because we had inflation rates of 20 percent. Of course that figure would be too high for a country under normal circumstances; however, for a country in a state of war, like ours is, the figure was tolerable. The 20-percent monthly inflation rate would have given us an end-of-the-year inflation rate of 2,000 or 2,500 percent, but the cumulative inflation rate for 1988 was 5,884 percent, which was much more than what was expected.

As a measure to support the workers, we approved the rice, beans, and sugar package.

Nobody is against these measures. Only those who have a sick mentality, those who hate the people and the poor, protest against these measures. The ones who have protested are a few opposition groups and economic sectors who were well-off during Somoza's times and are still well-off today. Why? Because they are only interested in getting richer. When Nicaragua exported $600 million, the money was divided between Somoza and the Nicaraguan capitalists. The money was not shared with the workers, and the wealth was not distributed to the workers; the benefits were for Somoza and the Nicaraguan capitalists. They are now surprised and protest when the revolution takes measures of this kind—measures that give workers a minimum amount of protection. The minimum protection this package of measures brings is in the form of the soup kitchens that we keep running, the children's development centers, and also wages. True, wages are greatly reduced but we have tried to maintain the purchasing power of these wages. We never thought—and we have said this clearly to our worker comrades when we met with them—that the worker would be able to buy all his basic needs with his wages. This is not possible. This is the reality: We have rationing at present in our country because of the economic measures. We have had to implement rationing to protect the mixed economy; it is another effort to preserve the mixed economy. However, although we have received a positive response from the rural and urban workers, from poor, middle class, and even some upper class farmers, we have not received the same response from politically negative sectors. That is because they do not love Nicaragua, they want Yankee intervention, and they want to return to the past. Therefore, they oppose any measure and they have become permanent opponents of everything. For them no measure is positive. However, when incentives are given, these people—cotton or coffee producers, or cattlemen—will accept the incentives. When the bank is giving loans they will go to the bank and accept the loans. But, when they are called on to support measures, they criticize and oppose them. They take a thoroughly destructive position. They do not know how to perform the role of a true opponent in the

pluralist system established by the Sandinist revolution. They do not even know how to be an opponent in a typical, capitalist, bourgeois, democratic regime. Sometimes, even often, the opponent in capitalist countries agrees with the government; here, they never agree with the government.

They are unaware of the causes of the Nicaraguan tragedy, which lie in the policies of President Reagan and the U.S. Administration.

I want to mention something we were discussing yesterday evening because we want to get it straight. We asked our comrades at the bank to make accurate calculations; we were reviewing the accounts so that the figures did not seem exaggerated. We wanted the true facts to come out. It is the Nicaraguan people, through the Nicaraguan Government, who pay the debt. When I speak of paying the debt, I am referring to different types of debts. We inherited the debt left by Somoza and the COSEP [Higher Council of Private Enterprise]. Following the victory of the revolution, we acquired more debts—long- and short-term. There are debts we must pay back in 6 months, in 1 year, or over longer periods, and we must make interest payments on them. For the Nicaraguan economy to operate under these war conditions we had to try to pay the debts without decreasing production. This is impressive because, even though we have not honored every creditor, we have made an extraordinary effort, using our lifeblood to make foreign debt payments of $1.2207 billion, of which $777.9 million went to pay off the principal. Here are the huge distortions; here is where we find the totalitarian policies imposed on us by the capitalist countries with market economies. The fact is that we have paid $777.9 million toward the principal. If we had received an honest loan—if they lent us 100 and we paid them back 100—that would be fair and the way to help develop this country. There is the principal, then comes the interest.

We have paid $777.9 billion of the principal and $442.9 in interest. If we consider the principal as 100, we have paid more than 50 in interest. That is, we have paid more than 50 percent of the principal in interest. Nicaragua has paid $1.2207 billion, of which 777.9 million is the principal and $442.9 is interest.

What does this demonstrate? That the government [not further identified] wants our economy to operate under conditions of notorious injustice. Having to pay $442.9 million in interest is exploitation. That is what happens to a man with a family who is desperate and has to pawn all his property. He goes to the pawn shop and the owner tells him I'll give you so much, take it or leave it, and the interest will be so much.

The lender in this case is a usurer. That is the truth. The lender is a usurer, although yesterday he may have had good intentions toward Nicaragua, he is a usurer because the lender is acting under economic logic determined by the capitalist countries with market economies, defended principally by the United States. It is designed to draw the blood from all Latin American peoples because this is the history of all Latin America. All the countries of Latin America, Africa, and Asia end up paying more interest, and the business lies more in the interest than in the principal. Interest is the big business. That is why the developed, capitalist countries cling to the present policy of international financing, because it is a way to control many countries politically. Finance is used as a political weapon to oppress nations. We were obliged to make these transactions and pay high interest because we have no choice, because there is no one who can supply our needs, which are vital. It is vital to import the supplies for the peasants to produce and for COSEP to produce—the COSEP that is poisoned against the people and the revolution; to import tires, spares, and everything that production demands. That is the truth about our economy.

Without ignoring the deficiencies, errors, and mistakes we have experienced in the partisan structures of the FSLN, in the mass and social organizations, in the operation of the revolutionary government, and in the functions of the different branches of government—because we must admit that we have made mistakes, that we have faults that we must overcome, that we have great weaknesses and great deficiencies....[changes thought]

In this year 1988, in every year of struggle since 1981 to defend the revolutionary power, we have followed this objective of defending the revolutionary power. We have done so because the fighters of our people were in the vanguard of the revolutionary power, the fighters of the Sandinist Peoples Army [EPS] and the fighters of the Interior Ministry. Also there were the field workers, who are organized in national defense; there were the thousands of companeros deployed in political and ideological brigades in the peasant areas; there were heroic mothers proudly bidding farewell to their sons; there were those at the battle front; and there is the blood spilled in 1988 by our heroes and martyrs.

In this year of 1988, we have seen the strength and morale of Sandino, Rigoberto and Carlos in the defense of the revolutionary power, in the tasks of military defense of the revolution as well as the tasks of production, social activities, education, and health; we have seen the heroic and conscientious people and their highly developed spirit of criticism and self-criticism; a people hampered by difficulties, limitations, and sacrifices, but certain a future full of benefits and security is there for them to achieve and win.

Today is 31 December, and in 1988 the Reagan administration did not give up its warmongering policy. President Reagan recently reiterated his warmongering policy against our country.

In 1989, we cry out with a firm and assured voice, that this U.S. President who has been so determined, so obsessed with destroying Nicaragua, has been able to reach an understanding with the USSR; yet the same President has been unable to reach an understanding with Nicaragua. His [President Reagan's] attitude can only be understood in terms of his ignorance of the Nicaraguan situation.

I remember a conversation here with Secretary Shultz, when he came to Nicaragua and we met in Sandino Airport. Secretary Shultz said at the time, in quite a constructive tone, that he had spoken to his predecessors at the U.S. State Department, who said repeatedly that it had not occurred to them to devote 20 seconds of their

time to the issue of Central America. Of course, that was before the triumph of the Nicaraguan revolution. And, because they do not give even 20 seconds to Central America, they cannot understand the situation there, and so they implement terrorist policies, typical of Yankee imperialism, which they defend every day. Meanwhile, Reagan has had to spend not just 20 seconds on the subject of Central America, Nicaragua, and the struggle in El Salvador, Guatemala, and others countries, but rather every day and night since he took office in 1981 he spends time on the subject.

He has the easy solution to the problem. The easy solution is to negotiate and reach an understanding with Nicaragua. President Reagan still has time to rectify, and that rectification will be recognized by the international community. He still has a few days to reach an agreement with Nicaragua. The agreement is easy and simple. He simply has to abide by the International Court of Justice ruling and stop the aggression against Nicaragua and the support for the mercenary forces. The rest will come by itself. If that happens, there will be social, economic, and political stability in Nicaragua. In view of President Reagan's intransigent attitude—intransigent in the bad sense of the word, because we have been intransigent in the good sense of the word since we defended the revolution, and President Reagan has been intransigent in the bad sense of the word, because he attacked Nicaraguan people and killed Nicaraguan children—we said with due reason that the revolution is here to stay while Reagan will leave.

Reagan will leave as a symbol, as an expression of a policy. [applause] Reagan will leave as a symbol, as an expression of an absurd terrorist policy. We believe the revolution is here to stay because it is the will of the Nicaraguan people. This is where President Reagan is mistaken. He would have to win the conscience of the Nicaraguan people for this revolution to end. But it so happens that the conscience of the Nicaraguan people is in favor of continuing the revolution.

The 10th anniversary of the Sandinist people's revolution will be celebrated in 1989. We have to continue consolidating the revolutionary process in 1989. We should be very clear about this. We will not, in 1989, achieve economic, social, and political stability and improve the economy and the population's general situation. No, that will not be so. We have to make greater efforts, first of all, to continue to guarantee the revolution's military defense. This is because the threat of U.S. intervention will not be removed with Reagan's departure. The threat of the use of the mercenary forces will not be removed with Reagan's departure. It will not be removed because the U.S. policy has yet to be defined. What policy will President Bush follow with regard to Nicaragua?

First, we must be sure the U.S. Government will not support the Nicaraguan revolution. It might seek other ways to dismantle and destroy the revolution. Above all, the U.S. Government will use economic pressures, which is what it is already using. To use these pressures, it will tell local opposition parties and the media to use economic matters as the focus of their commentaries. The U.S. Government wants opposition political parties and the media to talk about the economy as if the war no longer existed, as if the threat of a direct U.S. invasion did not exist, and as if peace had come to Nicaragua.

The counterrevolution is an unburied corpse. When we say that a corpse has not been buried, we know that it is offensive. It emits a stench. That is the counterrevolution. But the counterrevolution has been a beast, a monster, so we do not want to compare it to even a human corpse. The counterrevolution has been a monster, a beast created and designed by the U.S. Government. It is now dead but unburied. It is a monster which stinks and is offensive. It continues to act as a gang of robbers and criminals, what the Somozist guardsmen have always been.

Therefore, the threat of U.S. intervention continues. This has been stated by the North Americans themselves. President Bush has several proposals on the table. He has proposals from experts telling him that a policy of negotiation and oppression, a combination of a carrot and a stick, must be followed with regard to Nicaragua. Others tell him to use a stick more; others to use a carrot more. There are others who tell him, you should intervene in Nicaragua at once because Nicaragua is responsible for the crisis in Central America, for the struggle in Central America, for the struggle in El Salvador, and if we end with Nicaragua, then the problem ends. Therefore, you should militarily intervene in Nicaragua. That is what some recommend.

Bush thus faces several alternatives. Which one will he take? That does not depend too much on him; it depends on the correlation of forces within the party itself. There are people within the Republican Party who are far to the right—more to the right than Reagan, just to give you an idea of the kind of people there. There are people who are still more to the right, more obsessed, more poisoned than Reagan. Those are the people whose views prevailed after the hurricane struck and who kept any kind of disaster aid from reaching Nicaragua. There was a proposal to provide disaster aid to Nicaragua, and these people said there would be no aid to Nicaragua. Who did they punish? For all intents and purposes, they punished the Nicaraguan people with their inhumane attitude.

So, Bush has several alternatives. We do not know which one he is going to choose.

We have a duty to defend the revolutionary process, to defend the right of more than 100,000 peasant families to own a plot of land—a right that would obviously be lost under the counterrevolution since the peasants would cease to own the land. We have to continue defending the people's right to education, health, and employment. This means we must be responsible, and if we are going to behave responsibly, we must protect the revolution's military defenses. We cannot lower our guard. We must continue strengthening our Army, more in terms of quality than quantity, because the Nicaraguan Army is composed of all the Nicaraguan people. All Nicaraguans are combat soldiers in our Army. However, this Army has a backbone, the Popular Sandinist Army (EPS). This backbone must be strengthened, in terms of quality rather than quantity. We also have to strengthen another one of the revolution's instruments of defense,

both in political and social terms—the Interior Ministry. We also have to strengthen the Interior Ministry in qualitative terms, because all the Nicaraguan people are an integral part of our nation's security. However, there too, an instrument is needed that, together with the Interior Ministry, will organize our country's political and social security.

In a sense, it is a question of strengthening the quality of our revolution's defenses through such programs as the ones we have started—which we will continue in 1989—involving the EPS and MIDINRA [Ministry of Agricultural Development and Agrarian Reform] programs, which provide bread, some food, some meat, and something for the poor peasants in the war zones.

The new year of 1989 is the year of the 10th anniversary. It is obvious that the name of this year is: 1989, Year of the 10th Anniversary. In this 10th anniversary year, when we are trying to strengthen the country's defenses, when we are trying to increase the country's production under war conditions, when we are trying to continue defending and consolidating the revolutionary power, we must at the same time continue implementing economic adjustments, such as those we have been implementing since February 1988. These adjustments demand efficiency, discipline, and greater productivity from all of us—productivity in the military defense of the revolution, productivity in the production of export goods, and productivity in the production of basic goods and food for the population. We must become highly productive in [word indistinct].

There will be no change in the currency. We are not making any changes in the currency. Rumors are already circulating that we are going to make a change in the currency. We are not making any currency changes.

We have to provoke a greater change of conscience in all of us. When I say in all of us, I mean from the National Directorate and the higher structures of the revolutionary government down to the workers. We must all develop a greater change of conscience to responsibly assume our commitment to continue defending the revolutionary power in this year of the 10th anniversary.

We are practically at a point in time where the defeat of the U.S. policy is almost complete. However, we have paid an enormous price to our economy, which has been weakened. We must inject some vitality to our economy with our sacrifice. We cannot think about plenty for the coming year. Rather, we must work to achieve the complete defeat [as heard] and a minimum of social, economic, and political stability that will lead us toward economic and social development so our economy will truly grow.

In recent days, we have been discussing economic measures. [Words indistinct] how to reject the economic measures [words indistinct] on the economic measures we have been implementing throughout this year, to stimulate the producers and the workers. We, all Nicaraguans, are going to make an effort to continue stimulating production and stimulating the workers through wages.

This year, we are also going to maintain the basic package. [applause] When we were discussing the basic package, we found it was a bit wanting. It contains rice, which is not too much of a problem to obtain; sugar, not much of a problem; and beans, with which we have some problems. We decided that if we ran out of beans, the package would contain more rice, and we would explain to the people they must eat a bit more rice because there is a shortage of beans. The important thing is that we respond to the workers' demands. However, we will make an effort to maintain the package with rice, beans, and sugar.

Then we were discussing that we would not neglect defense. However, when we strike a balance of expenses in the budget, we find we have some large and fairly inflexible expenses with the Army and the Interior, Health, and Education Ministries. These four sectors consume 80 percent of the budget [words indistinct]. The rest is (?the rest).

Therefore, we have told our EPS comrades to try reducing the budget by 29 percent without affecting defense tasks and plans that must be carried out. We are not about to jeopardize our national defense even though we may be forced to transfer resources from other places to cover the Army's requirements [words indistinct].

We have told our comrades in the Interior Ministry to work toward reducing the budget by 40 percent—again, without jeopardizing our national defense—to see how far we can carry out this reduction after studying the programs and all the rest. Then, when we turn to investments, we see that investment demand from all sectors is close to 285 billion cordobas. Why? Because this country actually has an incredible investment capacity. If resources were to come to this country, schools, health centers, and industries would quickly spring up everywhere, because there is great management and executive capacity here in all productive and social investments. That is why consumer demand alone is 285 billion cordobas, after taking into account the restrictions on demand of all sectors. Let us see how we can start making cuts. Investment demand presently has been reduced to 117 billion cordobas.

Thus, we will review all our economic needs and try to meet them in 1989 so our economy does not collapse, which is what certain enemies of our revolution want.

We are certain that a change in all the Nicaraguan people's attitudes, a firmer and deeper ideological struggle, and a different attitude concerning our expenses—one oriented more toward austerity and savings according to our reality—will allow us to fulfill our economic goals next year. We must struggle to control inflation.

That was one of this year's objectives. However, Hurricane Joan blew away that objective. That will continue to be one of next year's objectives. We now have better economic instruments. Our organization is better. Our grasp of the economy is much better to be able to achieve this objective. This way, next year's inflation rate may not be as high as this year's. I am not referring to the inflation rate of over 5,000 percent between March and

December, the period in which the economic measures were implemented. I am referring to the inflation rate that accumulated throughout the year, which would total over 20,000 percent.

If we count the January-December period, the inflation rate is above 20,000 percent. That inflation rate is reflected in daily life; there is no way we can ignore it. However, while realistically assessing the measures' effectiveness, I mentioned the inflation rate from the time these measures were implemented to date. Thus, we have to strive to continue the fight against inflation. Next year, for example, no government or partisan office or group will be able to import typewriters, facsimile machines, copiers, or any of those machines that have become so popular lately. Instead, they will only be able to import the material they need to keep the existing equipment. We cannot get new equipment. We cannot continue importing any new equipment. We are going to keep what we have. We are going to continue using what we have. Typewriters in every office will remain in use although we will have to import ribbons and other spare parts to keep them in use. Each office will just keep the offset machines it has, and that is that.

In addition, we will also implement a policy on importing vehicles. The central government will authorize the import of vehicles, because some enterprises or government offices use their own funds to import many things. Each enterprise and office will have its own funds, but the funds will be controlled by the people through the revolutionary government. This means we are going to keep stricter controls on these funds. [applause]

In all of this, the FSLN activists, all of us as FSLN activists, must lead the way in the implementation and fulfillment of these tasks. We are committed to assume these tasks next year with the same spirit of struggle. We must also be ready to face these tasks with the same difficulties and limitations with which we faced Somoza's dictatorship. When the FSLN activist did not have vehicles, homes, or anything, he walked from one place to another. The Sandinists were not getting paid at that time. Now, as FSLN activists, we must adopt this clear attitude to create this greater awareness among all Nicaraguans.

Today, 31 December, marks another month that has passed since we extended the cease-fire. Therefore, today we formally announce that we extend the cease-fire for 1 more month; in other words, the cease-fire will continue throughout the month of January [applause] and we demand that the U.S. Government—the contras' boss—make the contras respect the cease-fire; the United States should respect the cease-fire. Terrorist actions continue daily, and most of the victims are civilians, mostly children; children who have been killed during December as a result of Reagan's policy.

There have been reports about various contra proposals. There have been reports on proposals supposedly drafted by the so-called moderate group that supposedly wants to negotiate, and there are reports on another proposal by those who do not want negotiations.

The proposal of the so-called moderates mentions a democratization plan. If they want democratization, we invite them to accept the amnesty and come to our country to learn what democracy is all about. That is what they can do. They can learn a lot about democracy here. [applause] They do not have to present us with any plan, because democracy is a reality here. The plan exists; it is a reality.

It has been said that the other group is talking about continuing the talks at the OAS in Washington, in the presence of OAS Secretary Baena Soares, [Nicaraguan Archbishop] Cardinal Obando y Bravo, and the Central American foreign ministers.

What do we have then? As I said before, we have the unburied stinking corpse of a monster. So when there are so many stinking proposals, we do not know which proposal comes from the U.S. Government, which after all created the monster and now does not know where or how to bury it.

So for us, what one group or the other says lacks credibility, as what we are seeing is that the top echelons of the Somozist guards disagree among themselves; one group says one thing, and another group says a different thing.

What should they do now? We have said it before. They are dead; they are a corpse. Nevertheless, we are willing to receive Nicaraguans who attached themselves with the contras and are now in Honduras.

I spoke to [Honduran] President Azcona while in Mexico. Azcona was very concerned, and asked me: What do I do about the contras, who are such a problem? I told President Azcona that we will take them in. Let us present a repatriation plan to the United Nations, the UNHCR [United Nations Office of High Commissioner for Refugees], the Red Cross, and other international organizations so the refugees will not be afraid and will rest assured that nothing will happen to them. We will repatriate them. Those who wish to return to Nicaragua may do so. We will try to relocate those who do not wish to return to Nicaragua in other countries. They should be allowed to relocate in the United States, who got them into this mess to begin with.

Then the problem would be solved. If the contras disappeared, then the reason for the war in Nicaragua would also disappear. The United States has used the contras as an instrument to wage war against Nicaragua. Therefore, the contras' disappearance would imply that the United States is willing to end its war policy. The contras' disappearance would imply the end of the war, and would mean no more suffering for the Nicaraguan people. We could then devote all our efforts to our economic and social development, which is our most important obligation.

In 1989, the year of our 10th anniversary, we would also like to extend a formal invitation to the Central American presidents—very shortly before the foreign ministers' meeting which will be held here in Managua and the presidential summit which we hope will be held in San Salvador—to work together for Central America's integral democracy.

What does this mean? First, we must be willing to take steps to remove any foreign military presence from the Central American region and make Central America a zone of peace—a neutral zone, free of any foreign military presence. In such a situation, the participation of other countries in Central America's military development would have to be limited to supplying the Central American armies with weapons. These countries would only serve as suppliers—nothing more. This issue is an integral part of democracy because it would give the Latin American countries sovereignty and independence.

We should also work seriously in favor of the human rights issue, which is another integral democratic issue. Nicaragua has been seriously working for human rights. It has opened its door to all human rights organizations, such as those in the United Nations, the OAS, the Red Cross, and other nongovernmental organizations, such as Amnesty International, America's Watch, [acronym indistinct], etc. We have nothing to hide because we respect human rights. This does not mean there are no mistakes, aberations, and human rights violations that are contrary to the revolution's goals and direction. These crimes are punished even if their author is a member of the Army, the Interior Ministry, or an active FSLN member. At the moment of the crime, this person becomes a criminal who must be punished for violating the Nicaraguan people's human rights.

We thus propose that at the upcoming presidential summit, the governments of Central America commit themselves to work earnestly so human rights will be respected in Central America. Furthermore, human rights organizations—such as the United Nations, the OAS, the Red Cross, Amnesty International, America's Watch, [acronym indistinct], and other nongovernmental and religious organizations concerned about human rights in the world—should be in charge of verifying that these countries will honor their commitment.

We are willing to continue with our defense of human rights, a defense that is already practiced in Nicaragua. We hope the other Central American governments will respond positively.

We also hope that at the next [Central American presidential] meeting, we will take specific steps to establish verification mechanisms regarding the nonuse of the territory of Central American countries to attack other Central American countries.

In 1989, the year of the 10th anniversary of the Nicaraguan revolution, as the president of the Nicaraguan people, I want to ask the leaders of the various opposition parties to think quietly and calmly, because many times those parties' rank and file do not even realize the harm their leaders do to the country. On many occasions, the rank and file of some of those parties act with goodwill and a sense of nationalism, but their leaders do not.

In 1989, I want to invite all the opposition political party leaders, the leaders of the opposition economic sector, church leaders including Cardinal Miguel Obando y Bravo, leaders of the Evangelical Church and of the various denominations, Gustavo Parajon [not further identified], CEPAD [Evangelical Committee for Development Aid] leaders, labor union leaders, and opposition media owners, directors, and reporters to think about the figures I have presented this morning. In that way, all Nicaraguans will have a common link, something that we still lack. That common link should be determined by all Nicaraguans' clear awareness of the main cause of the country's crisis. If we agree on that cause, if we identify that cause, we would have surely made some progress despite our political and ideological disagreements, because after all those disagreements are not the source of the problem.

Let us not resort to what I have told you, but to what international organizations have said. Let us resort to the International Court of Justice ruling, to the various UN resolutions, and to the statements that various Latin American and European governments have made condemning the U.S. policy against Nicaragua. In that way, we can agree on what is the cause of our problem. As long as some of us continue to say the cause of the economic disaster in Nicaragua, of the war, and of all the other problems is the revolution, the government, and Sandinism, our positions will continue to be polarized. If, however, we agree on the cause of the problem—and the cause is very clear—and if we all work to dismantle it—because we want to stop the suffering of the heroic Nicaraguan mothers and we do not want youths crippled by the war and hunger—we would all join forces and agree to eliminate the cause of the problem, which is the U.S. war policy against Nicaragua.

We must work together to destroy that aggression. To dismantle that aggression, we basically need courage to condemn it. If one has the guts to hurl accusations against the Nicaraguan Government and against Sandinism and the revolution, one must also have the guts to hurl accustions against Goliath. We only have the guts to accuse David, but not to accuse Goliath. We must also hurl accusations against Goliath to end Goliath's policy. In that way, we will avoid further bloodshed and sacrifice in our nation.

It is therefore important for all Nicaraguans to make an effort, to make a commitment that in 1989 we will use the press constructively and make constructive, instead of destructive, criticism. This should include reports on the course of the revolution issued by the prorevolution media, the leaders and rank and file sectors of the social and mass organizations, and the revolutionary government itself.

For our part, we are going to work in that direction. Let us hope that the opposition sectors will assume a corresponding attitude. The year 1989 is the year of the 10th anniversary. Our enemies did not want a revolutionary victory. They did everything possible to prevent a revolutionary victory, but because the Nicaraguan people wanted a revolution, we had a 19 July revolution. Our enemies did not want a 1st anniversary. Our enemies did not want a 2d anniversary, much less a 3d, 4th, 5th, or 10th anniversary. But our enemies must understand there will be a 10th anniversary, because we are a reality at the waistline of our America, a reality of transformation, a reality of change, a reality that expresses the dignity, firmness, courage, sacrifice, and heroism of the peoples of Latin America and the Caribbean, of the people of the Third World, who feel they are represented by the Nicaraguan people with dignity. Our enemies

must realize that if they did not manage to destroy us in the initial years, it is less likely they will destroy us in the coming years now that we are approaching the 10th anniversary.

The Sandinist revolution is invincible because it was made by the people and is being defended by the people. Therefore, our enemies must learn to coexist with the Sandinist revolution. We are prepared to find those ways to coexist with those who have declared themselves enemies of the Sandinist revolution, among whom the U.S. Government clearly stands out as the leader of that enemy policy.

However, Nicaragua will not seek coexistence at the expense of becoming a nation aligned with and subjected by the Yankee government. Never! We have been a nonaligned nation since 19 July 1979, and we will continue being nonaligned.

Nicaragua will seek coexistence, but not at the expense of sacrificing its spirit and its conviction of international solidarity with the noble and just causes of the African, Asian, and Latin American peoples fighting for independence, self-determination, sovereignty, democracy, and peace.

Nicaragua cannot accept a coexistence that requires it to stop defending the international legal order and to refrain from resorting to international legal organizations such as the United Nations and the ICJ. We cannot accept this, because we have been—and will continue to be—defenders and promoters of the international legal order.

We are willing to seek peaceful coexistence, but not at the expense of sacrificing the workers' and peasants' rights—the people's rights—to organize, criticize, protest, and fight. The people here will always be allowed to organize because this revolution was made by the people and for the people.

We are willing to seek coexistence, but not at the expense of putting aside the rifles that today are in the hands of the people. Coexistence, yes—but the rifles will always be in the hands of the people! [applause]

This year—1989, the year of our 10th anniversary—we will continue moving forward with the Front. We will continue moving forward with all the political, social, and economic forces willing to continue building this new Nicaragua. We will continue moving forward with the examples set by our heroes and martyrs. We will continue moving forward with the examples set by our comrades, maimed and handicapped by the Yankee government's criminal war. We will continue moving forward with the Front, with all the religious groups willing to practice an authentic Christianity that binds man to the poor, to justice, to the revolution. We will continue moving forward with the Front on this 10th anniversary. We will continue defending Dario's and Sandino's fatherland. We will continue defending the fatherland's blue and white flag with the red and black flag Sandino hoisted against Yankee intervention. Free fatherland! [Crowd shouts: "Or death!"]

Ortega Cited on Peace Plan With U.S., Economy

PA3112133688 Managua Radio Sandino in Spanish 1210 GMT 31 Dec 88

[Report on interview with President Daniel Ortega Saavedra by BARRICADA reporter Carlos Fernando Chamorro; date and place not given]

[Text] [Announcer] BARRICADA's last issue of 1988 features a lengthy, eight-column interview with Daniel Ortega entitled "Prepared To Negotiate." In the interview, the Nicaraguan leader revealed that the AFA [Rice, Beans, and Sugar] package will be continued and that the government is studying selective subsidies. President Ortega also said 1989 will be a preelection year, as elections will take place in 1990. Here is part of BARRICADA reporter Carlos Fernando Chamorro's interview with President Daniel Ortega Saavedra:

[Begin Chamorro recording] President Daniel Ortega told BARRICADA that his government is preparing a proposal to negotiate peace with the new U.S. Administration that essentially deals with security issues of interest to both countries. Ortega said that if the contras are excluded as an alternative, there are only two options left for Bush: direct intervention or negotiation. He added that Nicaragua is preparing for both options. When asked on what date the proposal would be made public, Ortega responded by saying there was no need to be hasty and that it would be necessary to wait for Bush to become President to see what position he will take.

In a lengthy interview in which he also discussed the economic situation and the upcoming political events in Nicaragua in 1989, Ortega said he was confident that the Central American summit scheduled for 15 and 16 January will take place. He pointed out that during the summit the presidents will discuss the verification of security affairs and the political issues established in the Esquipulas agreements.

Recognizing the high inflation in Nicaragua, which reached 20,742 percent in 1988, Ortega said the government has a better understanding of economic factors to organize efforts to maintain production. Ortega revealed that the AFA package will continue in 1989 and that the government is studying the use of selective subsidies to protect workers.

Ortega also urged the opposition to act in accordance with the Constitution, and said, citing economic reasons, that he was in favor of holding elections for municipal and legislative leaders, Central American Parliament deputies, and presidents at the same time in 1990. [end recording]

Ortega To Attend Cuban Revolution Anniversay

PA0201160489 Panama City ACAN in Spanish 1458 GMT 2 Jan 89

[Text] Managua, 2 Jan (ACAN-EFE)—Nicaraguan President Daniel Ortega is traveling to Cuba today to participate in the festivities to mark the 30th anniversary of the Cuban revolution, an official source has confirmed.

Ortega will be in Cuba until 5 January. He will thank the Cuban people for the emergency aid they sent to those who lost their homes after Hurricane Joan in October.

The Nicaraguan leader is heading an official government and FSLN delegation that includes officials and journalists of the official media.

Daniel Ortega has sent a message to his Cuban counterpart, Fidel Castro, describing the 30th anniversary of the Cuban revolution as an "example and inspiration for the revolutionaries of Asia, Africa, and Latin America."

He added that the Cuban revolution has also inspired the Sandinists, for whom it represents the "constant belief that in the lands of Marti, Bolivar, and Sandino, the triumph of a popular and antiimperialist revolution was not just a dream."

"On this date, we in the fatherland of Sandino and Fonseca Amador continue wishing you new victories in the construction of socialism," the Sandinist message to the Cuban leader stated.

The source did not provide the exact time of Ortega's departure for Havana.

RN Says 'No Part' in Proposed Peace Plan

PA3112125188 Panama City ACAN in Spanish 1914 GMT 30 Dec 88

[Text] San Jose, 30 Dec (ACAN-EFE)—Costa Rican sources close to the contras said today that the anti-Sandinist Nicaraguan Resistance (RN) has no part in the peace proposal that the Democratic Center Coalition (CCD) will submit to the Nicaraguan Government.

According to announcements made in Miami and Washington, the CCD, led by Alfredo Cesar, asked the Nicaraguan authorities this week to issue safe-conduct passes to two delegates so they can travel to Nicaragua to submit a proposal aimed at bringing the 6-year war to an end and leading the country toward democracy.

Sources close to the RN in San Jose, who asked that they remain anonymous, denied that the contras had any part in the CCD's initiative and they disowned the proposal for all practical purposes.

The sources stated that the request, if it has been made, must be the work of "persons who have their own way of thinking, but who do not represent the Nicaraguan Resistance," of which the CCD is a member organization.

CCD sources refused to comment on the other contra faction's disavowal, but they did say that a reorganization of the [RN] Directorate is imminent, and that "heads will roll."

Without giving reasons for the announced changes, and after requesting that their identities not be revealed, the CCD spokesmen pointed out that Roberto Ferrey and Wilfredo Montalvan would "very possibly" be replaced in the rebel leadership, and a new, "more homogeneous" directorate would be formed.

The new RN leadership could be made up of two CCD representatives, two Nicaraguan Democratic Front (FDN) representatives, and a fifth member representing the "freedom fighters," as President Ronald Reagan has called the contras who fight against the Managua regime.

According to the sources, Alfredo Cesar (CCD) and Enrique Bermudez (FDN general commander) would "necessarily" be included in that organization.

CCD spokesmen confirmed today that "as of now" those selected to take the peace proposal to Managua are Roberto Urroz and Carlos Hurtado, who would travel from Miami to Managua. However, the sources added that Daniel Ortega's government still has not replied to the request for safe-conduct passes.

Next week, members of the CCD plan to hand copies of the proposals to the presidents of Costa Rica, Honduras, El Salvador, and Guatemala, so the proposal can be studied at the regional presidential summit in San Salvador on 15 and 16 January.

RN's Montalvan Disagrees With Cesar's Stand

PA0301023089 Panama City ACAN in Spanish 2039 GMT 31 Dec 88

[Excerpt] San Jose, 31 Dec (ACAN - EFE)—Nicaraguan Resistance (RN) Director Wilfredo Montalvan stated in San Jose today that Alfredo Cesar's Democratic Center Coalition (CCD) is attempting to stay within "50 percent of the contra's budget."

In a statement sent to ACAN-EFE, Montalvan accused the CCD leaders of having "excessive ambition" that has made them lose perspective of the true situation.

According to the rebel leader, the CCD members are acting like they did "during the best times of Somozism" (referring to the Anastasio Somoza dictatorship that was defeated by the Sandinists in 1979).

The RN member's reaction takes place after he received reports that Alfredo Cesar's group is trying to remove him and Roberto Ferrey from the RN Directorate because they want to eliminate the votes that will oppose the peace plan which the CCD will take to Managua in the early part of January 1989.

In addition to Cesar, the Contra Directorate is formed by Montalvan, Ferrey, Wycliff Diego, Aristides Sanchez, Adolfo Calero, and Enrique Bermudez.

Montalvan stated that the reason they want to remove him from the Directorate is beause of his firm opposition to the sectors "inclined to scheme" with the Sandinist regime.

According to Montalvan, the attempts made by Cesar's group to reform the RN leadership, "flagrantly violate" the RN's bylaws and regulations, because he was democratically elected to the Directorate on 19 July.

Montalvan gave his position on the peace plan that the CCD wants to present. He stated that "he does not oppose it" but added that "given the Sandinist's record," he does not believe they are interested in democratizing the country. [passage omitted]

Ministry Reports Honduran Attack on EPS Patrol

PA3012141488 Managua BARRICADA in Spanish 29 Dec 88 p 4

[Text] The Nicaraguan Foreign Ministry prepared a protest note to its Honduran counterpart last night protesting an attack on an EPS patrol by Honduran soldiers. The action occurred yesterday at 0930, 1 km northeast of San Pedro de Potrero Grande, Chinandega Department.

According to information gathered by BARRICADA, one EPS soldier was wounded as a result of this unprovoked military attack.

Meanwhile, it was learned in Managua that today at noon the Nicaraguan Red Cross will receive from the Honduran Red Cross a group of Nicaraguan citizens—civilians and military—who were kidnapped by the contras and held captive in Honduran territory until today.

Among the approximately 104 people the Honduran Army claimed to have "rescued" are some who were "planted" by the contras. Today, those individuals will say—in accordance with a planned stunt—that they do not want to return to Nicaragua. It was learned last night that those who were really kidnapped will return to Nicaragua through the Las Manos border post.

Meanwhile, Managua was surprised to learn that the contras—as if they were in their own land—announced yesterday that they would release "Sandinist prisoners" in Honduran territory.

Cuban Diplomat To Face Trial for Murder

PA3012201888 Managua Radio Sandino in Spanish 1941 GMT 30 Dec 88

[Text] Eduardo Montoya, third secretary of the Cuban Embassy in Nicaragua, has given up his diplomatic immunity in order to face a trial for the death of two children, which occurred while he was driving a car in Managua on 25 December, the Interior Ministry has reported.

According to the report, Montoya will have to face first-degree murder charges for the deaths of Zaida Maria, 5, and Brenda del Socorro Alvarez, 12.

It has been learned that Montoya fled after hitting the girls. Later, however, a representative from the Cuban Embassy appeared before the authorities accepting the responsibility on behalf of Montoya.

This will be the first time that a Cuban diplomat will be tried in Nicaragua.

German Communist Party Gives $30,000 to FSLN

PA0201222889 Managua BARRICADA in Spanish 30 Dec 88 p 5

[Text] A delegation from the Directorate of the German Communist Party (DKP) yesterday gave a $30,000 donation to the FSLN.

At the same time, delegation members Herman Madler, Thea Rann, and Helge Fisher delivered an invitation from DKP Chairman Herbert Mies to the FSLN to send a representative to the DKP's ninth congress.

The delegation was greeted by Jose Pasos, deputy chief of the FSLN's International Relations Department (DRI).

The DKP delegation will visit electrification projects, which the party is sponsoring in a number of neighborhoods in Matagalpa, and, in the next few months, a technical brigade specializing in communications and printing will arrive in Nicaragua.

DRI official Silvio Prado said the donation is part of an agreement signed by both parties in 1987.

FSLN Commander Bayardo Arce Interviewed

PA3112032888 Managua BARRICADA in Spanish 28 Dec 88 p 4

[Interview with Commander Bayardo Arce, member of the FSLN National Directorate, by unidentified reporter; date and place not given]

[Text] [Reporter] What will be the FSLN's main task for the coming year?

[Arce] As long as the U.S. political situation and the aggression persist, our main task will continue to be to prepare the people for the defense of the revolution. We do not know what the new U.S. Government is going to do. They have not announced their policy toward Central America. As long as this policy remains unclear, we will deal with the situation in the same manner as we have up until now.

[Reporter] Will there be some type of reorganization within the FSLN in the future?

[Arce] The FSLN must analyze its 10 years in power, and based on this analysis, it must renew the FSLN program in some way.

[Reporter] Why?

[Arce] Because when we assumed power we started out using the information we had; however, we have realized that the information we had was not accurate since the Somozists, among others, distorted the statistics.

On the other hand, we had heard through the media what a triumphant revolution was all about and what other political processes were like. Today, after 10 years of experience, after seeing what is really happening in other countries and to other revolutionary processes; after seeing what is happening in the USSR with perestroyka; the rectification of mistakes and negative attitudes in Cuba; the economic exploration in Hungary and China; the economic development in the FRG and Japan; and the Latin American situation—now we have different ideas than those we had when we were fighting the dictatorship.

We have not been able to sit down and draft a plan based on all the knowledge we have accumulated throughout these years because it has been more important for us to defend ourselves. Now that we are strategically overcoming the aggression, we can look to the future and think of the revolution's plan for the year 2000. All of the FSLN, or at least its most important cadres, will have to be involved in this process and contribute to defining how Nicaragua will advance.

In this regard, any type of plan would have to be organizational in nature. In 1988 we had planned to study the reorganization of the FSLN more in accord with the situations we have experienced. We made some progress at lower and middle levels and in the regions but not as much progress in our central structures. But we reached the conclusion that it was necessary to review our program. We decided to wait and to follow-up the experience of our rank and file. I can summarize that experience in a few words: The FSLN must stop playing the role of an administered party. The FSLN must be a party of militants, a party that mobilizes and organizes people, and a party that is more oriented to the masses than to political power.

We have been working in that direction. I believe that the change is more significant than a superficial reorganization of the FSLN central organs, although that reorganization is also necessary and we are aware of that. We, however, thought that pragmatic changes in the FSLN would entail a party reorganization corresponding to those changes and to our new position after 10 years of enriching experience.

[Reporter] What has been the FSLN's ideological strategy for the training of its cadres and militants?

[Arce] Up until this moment, our priority has been to make our cadres and militants aware of the Nicaraguan socioeconomic reality and history through a practical orientation, of course. That does not mean, however, that we lack theoretical training on current political theories. In our schools, we have taught the Marxist theory, and we have also managed to teach political experiences of other ideologies so that our militants become aware of the social democratic or the Christian democratic ideologies, or of the Mexican political experience, for example. We, however, do not believe that the political education we give to our militants should be static. It must change as each stage in the education process is completed. If our cadres master the methods to interpret reality, we must move on to new stages of political education. I think we have provided a diverse political education while always trying to make our Sandinist militants exemplary revolutionaries. We have educated those militants through our commitment to the people and to their historical struggle; through the awareness of the problems we inherited and of those caused by the U.S. aggression; and through our awareness of world political experiences to learn to distinguish between the experiences we can adapt to our reality and those we must discard.

[Reporter] What do you think of the bill the National Assembly is discussing regarding the elimination of the study of Marxism in schools of higher education?

[Arce] As far as I know, Marxism has never been taught as a subject here in Nicaragua. There was an attempt to have Marxism as a subject. I myself proposed that at the beginning of the revolution. I said it was a good idea to make an effort to teach a doctrine that, with different interpretations, has transformed one-third of the world. I said it must be included in the subjects offered in Nicaraguan schools of higher education. The problem was that professors were not prepared to teach Marxism and have been unable to be trained to do so. I do know the university has been teaching philosophy and that Marxism has been taught as part of that subject and as a philosophical theory.

I believe the current discussion on that topic is sound. I do not want to make any definite statements, because I may be consulted about this issue at some point, and I do not want to seem predisposed to any one side. I, however, believe it is a good idea to discuss topics like Marxism, which deal with the ideological transformation of our society, not only by university commissions, but in open debates, as it is being currently discussed.

[Reporter] In your opinion, what is the relationship between the country's current material conditions and the mass mobilization?

[Arce] Obviously, the country's material and economic conditions caused by these years of aggression, by the international economic imbalance, and even by some of our own mistakes over the last 10 years affect our people's spirit, their awareness, and their desire to work for the revolution, especially if that work does not—directly or specifically—fulfill men's needs. These conditions, however, create another very important qualitative phenomenon. Those who do not become demoralized or confused and those who do not get discouraged because of the material problems do better work. In other words, they "have proved their worth."

When people tell me the FSLN has been losing the support of its rank and file, and even when some friends abroad tell me: "But when the revolution triumphed all the Nicaraguan people supported you," I say: It was very nice to be with us on 19 July 1979 or during the 1st months after our victory. So what? Everybody likes to be with the victors!

There is a bunch of people, however, who only received the revolution. They did not make it. It is true that there was a popular, massive rebellion. That, however, does not mean that all Nicaraguan citizens were active participants in the struggle against the dictatorship.

Furthermore, there was a group who favored the dictatorship, either out of fear or for other reasons, who stayed here, and who felt liberated by the Sandinist front and took part in the euphoria and the tasks of the first stages.

Then war and economic problems came along, and the revolutionary spirit of the various sectors among our people was put to the test. Even within our own ranks there were those who, upon seeing the threat of invasion, hesitated and preferred to switch to the opposing camp—and there you have the traitors and the deserters. They are men with very little faith, because they have

lost their faith in the masses, in the strength of the revolution. So they withdraw from the ranks, as a number of sectors among our people have done.

No doubt in some sectors, in the more politically backward groups, there might be disenchantment, or a certain degree of demoralization, but as I have told you, the people who stand firmly behind the front are qualitatively superior, because they are the people who have been tempered by the war, the crisis, the hurricanes, by everything.

How can we gauge the influence of our groups? What criteria do I use? First, I measure the people's willingness to participate in the defense tasks of the revolution, which is where one works with all of one's heart. This year we continue exceeding our recruitment goals in the Patriotic Military Service [SMP] and the Military Reserve Service because of a high degree of readiness to serve. The government has had to resort to preventive measures owing to the political situation that surrounds the SMP. While the immense majority of young men—70 to 80 percent—volunteer to serve, the ones who do not enroll in the SMP on their own stay at home laughing at those who do. Because we have to teach a lesson to the young people who do not want to serve, we resort to the SMP law and compel them to obey it. It is not because these people are any good. We feel a person who serves voluntarily deserves more trust with a tank or missile launcher than a guy who has to be dragged out of his home. We draft this guy—as a cook—anyway, but not because that will solve the fatherland's problem.

The FSLN is the only party summoning the people to defend the fatherland. No other party is summoning the people to defend the revolution and the fatherland. On the contrary, the other parties are urging people not to do so. Therefore, we do not just perfom the difficult job of saying: "Come, risk your lives to defend the revolution!" We have to do this job over the objections of a lot of people who are doing just the opposite. However, we always exceed our goals. I feel this is an important criteria for measuring the people's support. In addition, we summon the people to support the agricultural workers harvesting the export products on which the country depends. Look closely and you will see the number of contingents sent to the harvest areas has been dropping every year. We are able to summon the agricultural workers to perform the duties they were once unable to do because they were involved in defense actions or because counterrevolutionary activities did not allow them to take part. Now that we have made progress in this respect, the agricultural workers are going to their fields. We continuosly have to reinforce our ranks, but we always have a surplus of people. Without that level of awareness, the people would not go.

I am sure that if we decided to have elections, not only would we get the same number of votes as in 1984, but we might even win more.

[Reporter] By the way, are there any attempts to reach an agreement between the opposition and the FSLN?

[Arce] I think our opposition has a twofold problem. For one thing, this opposition has wasted the past 10 years. Instead of trying to come up with an alternative program to the FSLN, it has been betting Reagan would come in to oust us. Now he is leaving office, and we are staying. The opposition leaders wasted their time because throughout all these years they have never offered anything original, specific, and different to the people. They did not say: "Look, the FSLN is doing badly for this reason. I offer you something better." They spent all this time repeating Reagan's words.

[Reporter] But the opposition leaders are saying they are willing to reach an agreement, that the FSLN is intransigent...

[Arce, interrupting] Look, it is highly unlikely we can reach an agreement with an opposition that does not even have an alternative program and is instead hoping someone will topple us. Perhaps now leaders are becoming more realistic. They cannot spend the rest of their lives hoping Reagan will topple us. If so, they are going to be like the people in that Sergio Ramirez short story about Jacqueline Onassis' visit. They are going to spend their whole time in a boat waiting for Jacqueline to arrive. The opposition's other problem is its splintering. At one point during the past elections I told them: "Look, agree on something." It is annoying to be holding a discussion and all of a sudden to get extreme demands and proposals because of their divisions. "With whom do I reach an agreement? Do I reach an agreement with the MAP [People's Action Movement]? With the conservatives? With Erick Ramirez' party? With whom do I reach an agreement? Therefore, you reach an understanding among yourselves." It was not until they reached an agreement that we were more or less able to make the decisions that facilitated the electoral process. The same thing is happening now.

So many things have been done since the national dialogue was broken, because the revolution cannot stop just because some small parties say that they do not want to talk. I recently told them: While you refused to talk, the Constitution, the Amparo Law, the Emergency Law were approved as well as several other bills that would have been discussed with you; however, you would not participate.

Right now I agree with Tono Lacayo and the others who have said they would like to participate in the drafting of the mixed economy law. I believe that is the right thing to do. I told Churruco Bolanos, when he was COSEP [Higher Council of Private Enterprise] president, and Ramiro Gurdian: If you want to hold talks with the FSLN or the government, we are willing to discuss with you the draft bill for the mixed economy law; however, we will only discuss that subject.

If you tell me that in order to discuss that law we must first kneel down before Reagan and let the contras defeat us, you would have to think we are crazy to agree with those terms. That is not a dialogue. I challenged them to begin a debate on economic matters. That is the revolution's policy. If there are no talks, we will create the mixed economy law ourselves, because we cannot sit down waiting for them.

[Reporter] In that sense, to what degree, in what way, and why does the FSLN need a serious opposition?

[Arce] Opposition is important for us because although we have self-criticism—not just internally but also publicly—we still see things from a revolutionary standpoint, bearing in mind that our fundamental purpose is representing the workers and peasants.

In any event, we want to know the opinion of the bourgeoisie, the petite burgeoisie, etc, who are represented by the opposition, because none of those parties represent the people—none of them, even though some of them call themselves Marxists, communists, or socialists.

[Reporter] Would you say then that the bourgeoisie is badly represented politically?

[Arce] Yes. I believe it is badly represented...poor little things. The only way the local bourgeoisie will be well represented is through self-representation in professional associations; when the industrialists from each sector go to the Ministry of Industries to discuss a problem, or when the cotton producers want to talk with the MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform], etc. However, they are not properly represented in the political and political-professional fields. That is the truth.

[Question] How do you interpret the new "centrist" positions adopted by some parties?

[Arce] I think the efforts that the opposition is making to organize itself are positive. I think that a union of conservatives, liberals, and others would be favorable. Democracy is weakened by a shattered opposition, because in the long run we would not have serious and respectable representatives with whom to negotiate. Instead, we would have representatives of the opposition who no matter how patient and constructive you may be, when you sit down to talk with them, you see how pretentious they are, making demands as if they were Ronald Reagan himself, as if they had his power, and you realize you are wasting your time.

[Reporter] Looking back on 1988, how would you describe it, and how do you visualize Nicaragua's political life in 1989?

[Arce] The year 1988 has provided us with some great lessons, because it was a year in which we concentrated our efforts on bringing an end to the Reagan era. We became more vociferous and played a very active role in the international field to promote the Esquipulas agreements. We grabbed the bull by the horns by forcing the contras to sit down to see if they really wanted to negotiate an honorable solution. We also experimented with some drastic economic adjustment measures to back the defensive military effort, which has been the key factor here.

There would have been no talks with the contras if we did not have a potent defense. The contras would have simply swept us away. We would all be in jail!

It was a year of much tension, of great outspokeness on our part, of important moves that I believe have been positive. However, the economic situation continued to deteriorate because the war continued and, on top of that, we were hit by a hurricane. I believe that the general balance is positive, even though the economic impact has been hard.

This means that next year will bring even more tension and challenges for all of us. However, I believe that just as we did in 1988 and in previous years, the Nicaraguan people and the FSLN will successfully overcome our problems, because we have confidence in ourselves. In prerevolution days, we used to say: "The Sandinists can." I think we can. We will move ahead.

1988 Activity in 5th Military Region Presented

PA3012232388 Managua BARRICADA in Spanish 29 Dec 88 pp 1, 2

[Text] Juigalpa— Colonel Roberto Calderon, chief of the 5th Military Region, presented a review of the 1988 Sandinist Awareness Campaign yesterday in his closing remarks for the "Carlos Fonseca Amador" Ideological Campaign. According to Calderon, the government's peace efforts, which resulted in the suspension of EPS military operations in the 5th region, led to a substantial decline in battle activity in 1988. It was estimated that 1,100 clashes took place in 1988, as opposed to almost 2,000 the previous year. These figures indicate a 45 percent reduction in the fighting.

In his detailed annual military report for 1988, Calderon indicated that the cease-fire violations in the 5th region included over 70 counterrevolutionary attacks on civilian targets, 116 ambushes—especially on civilian vehicles—and 22 cases of sabotage.

Calderon also pointed out that the contra cease-fire violations caused the most pain and bloodshed among the civilian population. According to Calderon, 113 people were killed, 126 wounded, and over 900 were kidnapped by the contras. The abductions were orchestrated by the mercenary contra leader Enrique Bermudez to make up for contras killed and wounded in clashes and for those involved in defections from the contra ranks.

EPS and MINT [Ministry of Interior] troops repelled the mercenary forces' attacks, inflicting 734 causualties on the contras and arresting over 500 rebels.

According to Calderon, the weapons and war materiel seized from the contras included an assortment of 591 rifles, 10 machineguns, 12 grenade launchers, 25 rocket launchers, 8 mortars, 2 Redeye missiles, 69 mines, 19 "walkie-talkies," 4 short-wave radios, and various other things.

Calderon said that 1988 was a year of great challenges and harsh trials because of the war against the mercenaries and because of natural disasters such as Hurricane Joan. He added that the EPS encountered three decisive moments in its work during the year: the Sapoa agreements, which lead to a reduction in fighting and gave greater impetus to the peace process; the celebration of the revolution's 9th anniversary; and Hurricane Joan, which greatly affected the 5th Military Region.

According to Calderon, these events "were faced with pride and modesty, with commitment and discipline," and with "successful" results.

Calderon stated that "there were glorious dates for the 5th Region's EPS members during 1988" in their daily struggle for the total defeat of the mercenary forces.

Among the heroic actions performed by the EPS soldiers, Calderon pointed out the downing of a DC-6 airplane on 23 January by the 53d and 55th Infantry Brigades. In addition, he said, the Pedro Altamirano BLI [Battalions for Unconventional Warfare] performed exceptionally in capturing one of the members of the plane's crew.

Another outstanding action was performed on 7 February by the SMP [Patriotic Military Service] Pups in the Farabundo Marti BLI, who were responsible for killing the mercenary leader known as "El Diablo." This bloodthirsty and criminal contra leader had terrorized the peasant villages of the 5th Military Region.

Another of the year's important events was "Operation Danto," which took place on the border with Honduras and involved 5th Military Region units. Calderon noted "the Juan Gregorio Colindres BLI's excellent performance in this action."

Defections

A remarkable deterioration within the mercenary ranks was heightened by the defection of over 100 contras during the year. Calderon noted that the most important defector was contra leader "Alfa Lima."

Calderon honored the memory of Major Francisco Javier Hidalgo, who worked tirelessly for peace and was involved in the defection of contra leader "Alfa Lima" and in conversations with other groups.

Calderon stated that military authorities in the 5th Military Region had made contacts with other contra task force leaders. The leaders who had expressed a willingness to walk away from the war financed by the U.S. Government were provided by the EPS with money, supplies, food, and medicine.

Calderon said: "We spoke to many contra leaders. Today, these leaders have denied to their superiors in the FDN [Nicaraguan Democratic Force] Directorate that they ever spoke to us and say they have never received any money or anything, from us."

The "Carlos Fonseca" campaign was responsible for a reduction in both domestic and foreign battle activity, which strengthened the revolution's military defense and allowed the troops to reach out to the people.

Calderon mentioned, among other things, the successful development of the National Patriotic Campaign, which resulted in the file updating and registration of over 3,000 SMP youths, the recruitment of over 2,000 youths, and the deployment of 20,000 reservists.

Commendations

Numerous commanders, officers, rank and file, sections, and small units received awards at the ceremony. Among the groups awarded for outstanding performance were the Nueva Guinea 53d Infantry Brigade, the Juan Gregorio Colindres BLI, the "Francisco Javier Hidalgo" 50th Combat Tactics Group, the Pedro Altamirano BLI, the Edgar Munguia BLC [Rapid Hunter Battalions], the Operational Support Bases (BAO) of the 54th Infantry Brigade in Quisilala and of the 52d Infantry Brigade in El Guabo.

Certificates of commendation were given to the 5th Region Military Staff's Operations Section, Political Section, and Rearguard Headquarters.

Special recognition was given to the "Alfonso Nunez" Military Hospital and to the "Carlos Roberto Huembes" Campaign Troops Preparation Center in Las Animas.

FSLN militancy awards were given to 1st Lieutenant Maximiliano Molina and to Lieutenants Juan Pablo Velasquez and Porfirio Rodriguez Merlo.

Panama

Noriega Calls on People To Change 'Lifestyles'

PA0101035489 Panama City ACAN in Spanish 2214 GMT 31 Dec 88

[Text] Panama City, 31 Dec (ACAN-EFE)—General Manuel Antonio Noriega, chief of the Panama Defense Forces, has called on all Panamanians to change their social, political, and economic lifestyles to preserve what he called "our own identity."

Noriega, who arrived unexpectedly at a convention of the minority Republican Party accompanied by Manuel Solis Palma, minister in charge of the Panamanian Presidency, said: "We have been dormant in a different lifestyle, created by the power system of the continent that is controlled by the North Americans."

In what appeared to be his year-end message, Noriega told the press, "May the new year bring a new lifestyle for us all. May we not have the same experiences."

The military leader added, "Life has shown us that this is not our lifestyle." He was probably referring to the consumer customs of Panamanians and to the insistent calls from opposition leaders and government dissidents for the United States to intervene in the Panamanian problem.

Despite the harsh crisis affecting the country, aggravated by the severe economic sanctions imposed by Washington, Panamanians are preparing to celebrate the arrival of the new year, as they celebrated this past Christmas, with an abundance of food, liquor, and fireworks.

The Panamanian general stressed, "We Panamanians have to find our own social, political, and economic lifestyle, because only countries that have their own cultural, economic, and political identity survive and advance."

As an example of this premise, Noriega pointed to the Asian countries, "which have preserved their identity and are free of all influence from other powers." He admitted, however, that they could be "subjected to attacks on their sovereignty."

Asked whether he would agree to be the presidential candidate of some of the parties which make up the governing alliance in the elections in May, Noriega said only, "No further comment."

Review of Political, Economic Situation

PA3012003588 [Editorial Report] The following is a review of material from the Panamanian and regional media related to the current political and economic situation in Panama. This review covers the period from 20 to 28 December and includes reports on political and socioeconomic developments, as well as comment on U.S. policy. This review includes some items that have been processed in fuller form.

Comment on U.S. Policy

Government officials and the media have continued their criticism of U.S. policy toward Panama and of U.S. Ambassador Arthur Davis and members of the U.S. Mission.

Panama City LA ESTRELLA DE PANAMA reported on 20 December that the Legislative Assembly had considered but rejected a motion to expel U.S. Ambassador Arthur Davis, allegedly for "meddling" in Panamanian affairs. The motion was rejected as "improper," because such actions are not within the purview of the Legislative Assembly.

The same issue carried a cartoon depicting the ambassador as "the sheriff of Panama" attempting to intimidate General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces (FDP).

Panama City Televisora Nacional on 24 December reported on a demonstration staged by Panama's "Dignity Battalions" in front of the U.S. Embassy earlier that day. The demonstration was held to repudiate the U.S. Government's "economic aggression" against Panama and, as one speaker put it, to tell the U.S. ambassador, his daughter, and Deputy Chief of Mission John Maisto that they are "personae non gratae" and should leave Panama.

Panama City CRITICA noted in the "Scoops" column on 27 December that Eric Arturo Delvalle, who is recognized as Panama's president by the United States, is so "unimportant" to the U.S. Government that during a visit to the White House last week, he was given "only 15 minutes" with President Reagan.

Panama City MATUTINO on 22 December carried a column by journalist Ricardo Lince charging that Washington's policy toward Panama is affecting the Panama Canal Commission. The article rejects the U.S. policy of not forwarding to the Panamanian Government income taxes deducted from local employees' salaries. The columnist described this as a "dangerous precedent" that could lead to a strike, which would paralyze the canal.

LA ESTRELLA DE PANAMA on 27 December carried an editorial criticizing President-elect Bush's decision to continue economic sanctions against Panama. The editorial maintains that "to continue punishing our people in order to subjugate our government is reprehensible." It urges the Panamanian Government to react prudently and calmly to avoid a "premature collapse."

Political Developments

In the past 8 days, the government has released some imprisoned opposition figures but has also deported two prominent opposition members.

Panama City ACAN reported on 21 December that Roberto Brenes, president of the Panamanian Association of Business Executives, had been arrested and deported to Miami that morning. In a press communique carried by LA ESTRELLA DE PANAMA on 22 December, the FDP declared that Brenes had gone into exile voluntarily. In response, Brenes sent a letter from exile, which was covered by both Panama City Circuito RPC Television and LA ESTRELLA DE PANAMA on 23 December. Brenes stated that he had been "hooded and handcuffed" and forcibly expelled from the country. Brenes' deportation generated protests from the Panamanian Chamber of Commerce, Industries, and Agriculture, as well as the National Council of Private Enterprise. These two groups' communiques were carried by LA ESTRELLA DE PANAMA on 22 December.

The same treatment was applied to Alberto Conte, president of the National Journalists' Association. Paris AFP reported on 24 December that Conte was released from prison that day and placed aboard an airplane bound for Miami. The same report noted that Conte denied his departure had been voluntary, as the FDP had announced.

The AFP report noted that Conte and 26 other opposition members were released under a pardon "granted by President Manuel Solis Palma at the request of the Catholic Episcopal Conference." The report added that 17 other opposition members arrested between 16 March and 22 September, "including military men involved in a coup attempt and alleged coconspirators," were still in prison.

Panama City Telemetro Television on 27 December reported comments by prominent members of the opposition on the release of the opposition leaders. Representatives of the Authentic Panamenist Party, Nationalist Liberal Republican Movement (Molirena), Christian Democratic Party, and People's Party all hailed the measure as a step forward toward democracy while suggesting that it should be expanded to cover all those who were detained. However, Graciela Dixon, president of the Revolutionary Workers Party, said she considered the measure a "political maneuver" by the government that is part of an attempt to offset unpopular measures such as wage reductions and mass dismissals of public employees.

On another subject, AFP reported on 20 December that a clandestine radio station, La Voz de la Libertad, run by a "guerrilla group" called the Hugo Spadafora Franco Armed Liberation Front, broadcast a message that day urging FDP members to rebel against Gen Noriega.

Socioeconomic Developments

The opposition and the government have generally portrayed the economic situation from opposite viewpoints. While the opposition tends to say the situation is continuing to deteriorate, government spokesmen generally predict improvement and blame economic setbacks on U.S. policy toward Panama. In an example of the latter approach, Panama City MEDIODIA on 21 December quoted Agriculture Minister Darinel Espino as saying that the U.S. suspension of Panama's participation in the Caribbean Basin Initiative will have an adverse effect on some 400 farmers.

On the other hand, Circuito RPC Television on 23 December carried a recorded statement by Alberto Boyd of the National Council of Private Enterprise, who said he sees no improvement in the economic situation and foresees none until the country's political problems are solved.

The same station on 27 December carried recorded comments by local merchants who maintained that Christmas sales had declined greatly this year.

Telemetro Television reported on 27 December that the Panama City Children's Hospital is threatened by economic problems. The report indicated that many new viruses and increased cases of other diseases are being seen, while the hospital is running out of supplies of all kinds.

The same station on 20 December carried a report citing Jaime Fernandez, a Molirena member of the legislature's Budget Commission, as saying economic projections for 1989 are extremely "uncertain." Fernandez added that the government will be forced to reduce its payroll and that no new investments are planned for next year.

In contrast, Panama City Domestic Service on 24 December carried remarks by Commerce and Industries Minister Mario Rognoni, who said his country is becoming more independent economically and has improved its international image.

In another statement, which was carried by Telemetro Television on 21 December, Rognoni said "no one will be sacrificed." He said there are enough intelligent people in the country to devise ways to "reactivate the economy, minimize the pain of the sacrifice, and allow the country to work normally, even though our economic activity may be 30 to 40 percent below previous levels."

MEDIODIA in its 23 December issue cited a Foreign Trade Institute report that said the country's exports totalled $120 million between April and November 1988, a 15-percent increase over 1987 figures.

Despite these attempts to put a good face on the economic situation, some government representatives have acknowledged the seriousness of the current decline.

Telemetro Television on 22 December carried a recorded statement by Carlos Barsallo, a deputy of the Democratic Revolutionary Party and member of the legislature's Finance Commission, who said the government will face up to the "crisis" by freezing positions left vacant, reducing the payroll, transferring government offices from rented spaces to the areas that have reverted to Panama under the Torrijos-Carter treaties, and avoiding the purchase of official vehicles. Barsallo said that at present "we are facing the most critical and difficult times in the history of the Republic." He added that the commission is also considering wage cuts for public employees earning 300 balboas or more monthly.

Legislative Assembly Approves Pact With USSR

PA0201011089 Panama City LA ESTRELLA DE PANAMA in Spanish 31 Dec 88 pp A-1, B-4

["Text" of trade agreement signed between Panama and the USSR and approved by the Panamanian Legislative Assembly on 31 December—passages in all caps as published]

[Text] The Panamanian Legislative Assembly decrees:

ARTICLE NO 1—To approve the full trade agreement signed by the Governments of the Republic of Panama and the USSR, which to the letter says:

TRADE AGREEMENT BETWEEN THE GOVERNMENTS OF PANAMA AND THE USSR

The Governments of the Republic of Panama and the USSR, wishing to contribute to the development and strengthening of trade relations between the two countries and based on principles of equality and mutual advantages, have agreed on the following:

Article 1 of the Agreement—The signatories agree to grant each other the most-favored-nation status in all matters regarding trade.

The provisions in the current article will not cover the advantages and privileges that any of the signatories had granted or will grant to neighboring countries to facilitate border trade.

Regarding the Republic of Panama, the aforementioned status will not be applied to:

a. The advantages or privileges that had been or will be granted to SELA member countries or to any other Latin American country;

b. The advantages or privileges that had been granted or will be granted to any developing country.

Article 2—The signatories will provide all the necessary assistance for importing and exporting merchandise from one country to the other in accordance with each country's valid laws, regulations, and provisions.

Article 3—All trade deals settled within the framework of the current agreement will be conducted by Panamanian private individuals or legal, public, and private entities and Soviet foreign trade organizations in their

status of legal, independent entities in accordance with each country's valid import and export and foreign exchange laws and regulations.

Article 4—The prices for the merchandise supplied within the current agreement will be settled by the parties participating in the transaction and in relation to the prices on the main international markets.

Article 5—All payments between the Republic of Panama and the USSR will be made in freely convertible currency as agreed by the parties participating in each particular transaction and in accordance with each country's valid regulations.

Article 6—For the best implementation of this agreement, the two signatories will agree to handle, through diplomatic channels, matters regarding financial issues, transportation of merchandise, and technological cooperation.

Article 7—The two parties will cooperate with each other in matters such as trade fairs conducted in each of the two countries and in the organization of exhibits of one country in the territory of the other country under conditions that will be set by competent organizations of the two countries.

The merchandise to be exhibited in fairs and exhibitions and the samples of merchandise without trade value will not have customs taxes or any other similar taxes in accordance with the corresponding laws in each of the two countries.

Article 8—The Republic of Panama agrees to the USSR's establishing a trade office in Panama, the status of which is determined by the provisions in the annex to the current agreement, which is part of the agreement itself.

The USSR agrees to the Republic of Panama's establishing representation to handle the privileges that will be granted to the Soviet trade office in Panama, its officials, and buildings.

Article 9—In response to a proposal by one of the parties, the representatives of the two countries will meet in Panama and Moscow alternately to assess the fulfillment of the current agreement and, if necessary, to present recommendations regarding the development of trade relations between the USSR and the Republic of Panama.

Article 10—After the agreement expires, the provisions of the current agreement will continue to be applied to all transactions conducted while the agreeement was still in effect but whose formalities had not yet been completed.

Article 11—The agreement will provisionally enter into effect on the day it is signed and will definitely enter into effect when the two parties notify each other of its approval by the local legislative powers of the two countries.

The agreement will be valid for 2 years, and its validity will be automatically extended every year, except if one of the parties informs the other at least 6 months before the date of expiration of its decision not to extend it.

Issued in Panama City on 8 October 1979 [as published] with two original drafts, one in Spanish and one in Russian, both texts being equally valid.

ANNEX

Regarding the Legal Status of the Soviet Trade Office in the Republic of Panama

Article 1 of the Annex—The Soviet trade office in Panama will have the following functions:

a. To contribute to the development of trade relations between the USSR and the Republic of Panama;

b. To represent the interests of the USSR in Panama regarding Soviet foreign trade;

c. To contribute to the development of Soviet trade activities regarding purchases, sales, and other trade affairs.

Article 2 of the Annex—The Soviet trade office will have its offices in Panama City.

The Soviet trade representative and his assistants will have all privileges and immunities that, according to international legal order, are granted to the diplomatic personnel of the various diplomatic missions.

The technical, administrative, and service personnel of the Soviet trade office will enjoy all privileges and immunities that, according to international legal order, are granted to the corresponding category of the personnel working for foreign diplomatic missions.

The buildings occupied by the trade office will enjoy all privileges and immunities granted to the buildings of all diplomatic missions.

The trade office will have the right to use cypher codes for its correspondence.

The trade office will be exempted from rules on commercial registration.

Article 3 of the Annex—The establishment of the Soviet trade office in the Republic of Panama does not affect the right that Panamanian private individuals and legal entities and Soviet foreign trade organizations have to maintain direct contacts to conduct trade transactions.

Republican Party Declares Convention Illegal

PA0201011589 Panama City LA ESTRELLA DE PANAMA 30 Dec 88 pp A-1, B-15

[Communique issued by the Political Committee of the Panamanian Republican Party (PR); date and place not given]

[Text] All convention members, national directors, and members of the PR headed by Eric A Delvalle are hereby warned that the upcomimg convention scheduled for 30 December 1988 by a minority group does not represent the will of the party's majority and violates party statutes and Electoral Code stipulations on calling meetings.

As all convention members, national directors, party members, and the public in general are aware, we have legally contested the actions taken by a minority of the party on 22 September 1988. All convention members, national directors, and party members are aware of the intentions of the directors of the PR headed by Eric A Delvalle, which were expressed on two occasions. First, the party designated Jorge Demetrio Porras as secretary general on 17 September. Later, on 22 September, it ratified the directorate headed by Eric A Delvalle. A total of 61 duly accredited national directors were present at both of these national directors' meetings—44 at the first meeting and 43 at the second meeting. This clearly shows the will of the PR's majority.

Therefore, the PR hereby informs the Electoral Tribunal that this illegimitate call to a convention attempts to disregard the legitimate directors of the party headed by Eric A Delvalle and deliberately attempts to detract from this directorate's political line.

Republican Party Faction Elects New Members

PA0201230489 Panama City Telemetro Television in Spanish 2300 GMT 30 Dec 88

[Unattributed report on statements by Republican Party (PR) President Jorge Young and General Secretary Leopoldo Alguero to unidentified reporter at the PR convention in Panama City on 30 December—recorded]

[Text] Saying that the PR has abandoned its elitist tradition and entered its populist phase, PR President Jorge Young made statements concerning Panama's situation at the PR convention held at Balboa Theater. This is the first time an event of this nature is held in areas that have reverted to Panama.

The PR convention chose Victoria de Salazar as party president and Rodolfo Tom, Ricardo Arauz, and Filemon Chavarria, as party directors.

Labor Party [PALA], Democratic Revolutionary Party, Revolutionar Panamenist Party, People's Party, and the opposition National Action Party representatives were present at the convention, as were Minister in Charge of the Presidency Manuel Solis Palma and Panama Defense Forces Commander in Chief General Manuel Antonio Noriega.

In his address to PR delegates, President Solis Palma praised Gen Noriega, calling him the chief defender of Panamanian nationalism and the strongest bastion of the struggle for national liberation.

PR President Jorge Young and General Secretary Leopoldo Alguero made the following statements regarding the party's goals and plans and the role of the party in the National Democratic Union [UNADE]:

[Young] The purpose of this convention is to install the party's new convention members, elect new directors, and amend party statutes, to make them conform to the new electoral law. Meanwhile, we must remain in UNADE until the new convention meets, before the electoral period closes, and decides whether or not the party will remain in UNADE.

[Reporter] Do you share the view expressed by [PALA General Secretary] Ramon Sieiro that UNADE has expired?

[Alguero] I would not say it has expired; rather, that we are preparing for a new electoral campaign. I think we should lay down the rules for a new union, which most likely would be—and I certainly would like it to be—composed of the same parties that were and still are in UNADE, in addition to other parties that would join us now.

Solis Palma Addresses PR Faction's Convention

PA0301035789 Panama City LA REPUBLICA DOMINICAL in Spanish 1 Jan 89 p 9-B

[Text] In impromptu statements, Panamanian President Manuel Solis Palma said before hundreds of Panamanian Republican Party [PR] members who participated in the party's convention held at Balboa Theater on 31 December that "the Panama Defense Forces [FDP] are the vanguard in the defense of our nationality. The FDP is our strongest bastion to counteract foreign interference; therefore, they want to destroy them. We, however, will not remove that barricade against colonialism and aggression."

Solis Palma, who entered the theater accompanied by Brigadier General Manuel Antonio Noriega, added that to maintain its military bases in our country—which it wants to maintain through treaty violations—the United States began a disinformation campaign against Panama. "The military bases are the reason for the U.S. attacks and aggression," Solis Palma said.

Referring to the Republicans and to representatives of other political parties—including Ramon Siero of the Panamanian Labor Party, Luis Gaspar Suarez of the Panamenist Revolutionary Party, Nestor Porcell of the People's Party, Carlos Duque of the Democratic Revolutionary Party, Rene Orillac of the Liberal Party, and others—Solis Palma said we are at the beginning of an electoral process that entails an enormous responsibility: not to betray Gen Noriega's enormous effort and struggle, which had international recognition and which placed him among the five most important universal figures. "The main thing all the country's political groups must do is struggle for national liberation." Solis Palma added that "all Panamanians must struggle for that goal, because if not, they would be betraying the homeland's principles."

While hundreds of Republicans shouted slogans, Solis said: "The FDP experienced a deep transformation; without resorting to hateful comparisons, we can say it opened its doors to the people. It is not a class-conscious institution, and it is the vanguard of our nationality."

New PR President Jorge Young Rodriguez and new Secretary General Leopoldo Alguero spoke at the PR convention that was attended by 277 delegates and 232 designates. Alguero presented a report, and before Solis Palma's statements, the new PR National Directorate headed by Manuel Abrahams was installed. The following people accompany Young in the PR National Directorate: First Vice President Rolando Fung, Second Vice

President Filemon Chavarria, Third Vice President Vicente Garibaldo, Secretary General Leopoldo Alguero, Subsecretary General Carlos Estrada Morales, Treasurer Roberto Vega Berbey, and Assistant Treasurer Eduardo Vega Berbey. The convention was presided over by Victoria de Salazar.

PRD Claims Delvalle Resigned as President

PA3012222388 Panama City MEDIODIA in Spanish 30 Dec 88 p 1

[Unattributed report under banner headline: "Confirmed! Arturo (Delvalle) Resigns; International News Agencies Report His Return Today"]

[Text] The DPA press agency reported early this morning that PRD [Revolutionary Democratic Party] Legislator Luis Gomez, president of the Canal Affairs Commission in the National Assembly, reported that Mr Eric A Delvalle, "presented his resignation from the Presidency, which he claims to head, on 26 December." The following is the DPA report received by MEDIODIA:

"Panama City, 30 Dec (DPA)—Luis Gomez, president of the Canal Affairs Commission in the National Parliament, stated today that businessman Eric Arturo Delvalle presented 'his resignation to the Presidency, which he claims to head,' on 26 December.

"According to Gomez, who is a member of the government and majority PRD, Delvalle resigned 'because he felt the United States was not carrying out the agreements that induced him, his family, and his Republican Party to embark upon the adventure he has had to endure.'

"Devalle was deposed by the National Parliament on 26 February when he tried to remove General Manuel Antonio Noriega from his position as Armed Forces commander. Since that time, Delvalle has been in hiding, aided by the U.S. Administration, which still recognizes him as the legitimate president of Panama.

"Luis Gomez also reported that Delvalle's resignation threats prompted the recent visit of U.S. State Department official Michael Kozak to Panama. This official was the one who arranged the recent meeting between Delvalle, President Ronald Reagan, and President-elect George Bush in Washington. At that meeting, the Panamanian businessman was persuaded not to resign from his post."

Last Minute News

According to reports from international news media, former President Eric Arturo Delvalle will arrive in Panama today. These news dispatches confirm the first reports [regarding Delvalle's reported resignation] which were received early this morning. Delvalle, who was scheduled to meet with President Ronald Reagan, told U.S. officials that he was frustrated with his failed efforts as a president who was only recognized by the Reagan Administration, which has forced him to stay on in this position.

Noriega Reportedly Rejects Delvalle Proposal

PA3112190188 Paris AFP in Spanish 1815 GMT 31 Dec 88

[Text] Panama City, 31 Dec (AFP)—Relatives of deposed Panamanian President Eric Delvalle have revealed that Delvalle has proposed to Panamanian strongman General Manuel Antonio Noriega that they both resign from their posts prior to the 7 May 1989 general elections.

The sources added that Noriega rejected the proposal.

Delvalle, whom the United States still recognizes as the president of Panama, made the proposal in a letter sent to Noriega via the Apostolic Nunciature. Noriega heads the Panama Defense Forces.

The sources also announced that in January the clandestine station "La Voz de las Libertad" will resume its broadcasts and "television transmissions will be overridden" by messages from Delvalle against the Manuel Solis Palma administration.

Solis Palma replaced Delvalle in February after the latter was deposed by the Legislative Assembly.

Radio Exitosa Owner Arrested, Deported to U.S.

PA3112211788 Paris AFP in Spanish 2008 GMT 31 Dec 88

[Text] Panama City, 31 Dec (AFP)—Christian Democratic Party President Ricardo Arias Calderon announced in this capital today that Panamanian businessman and opposition leader Aris De Icaza was deported last night to Miami, U.S.A.

Arias Calderon said that De Icaza, owner and director of the Radio Exitosa radio network, "was arrested by the political police on Thursday and later deported."

This is the third Panamanian opposition leader deported to Miami in the past 10 days by the regime of General Manuel Antonio Noriega.

Earlier Roberto Brenes, president of the Panamanian Association of Business Executives, and Alberto Conte, a businessman, were both deported to the United States. Conte was under arrest for 9 weeks, charged with attempting to endanger internal security.

Arias Calderon concluded, "This shows that General Noriega's regime is afraid and is therefore continuing its struggle to forcefully keep the civic and democratic opposition from participating in the elections" of 7 May 1989.

Jailed PPA Official Released, Sent to Miami

PA0301000489 Panama City Circuito RPC Television in Spanish 2330 GMT 2 Jan 89

[Text] The Authentic Panamenist Party [PPA] headed by Jorge Pacifico Adames, its first vice president and PPA legal representative, stated in a communique issued today that Napoleon Salazar, Hector Penalba, and

Miguel Batista were chosen to fill three vacancies in the National Directorate. The communique attributed the suspension of the ordinary meeting of the national convention, scheduled for 8 January at the Lux Theater, to causes beyond the PPA's control. Today's referendum for Panama Province and District was also postponed. Moreover, PPA Spokesman Guillermo Endara told RPC Televison tonight that PPA member Jose del Carmen Serracin, president of the Panama Provincial Directorate, who had been jailed for over 3 months, was released yesterday. He was then taken to the airport at Tocumen and deported to Miami. He arrived there yesterday afternoon. Endara added that a PPA youth leader is still under arrest.

U.S. Armed Forces Paper 'Interference' Alleged

PA3112041988 Panama City MEDIODIA in Spanish 30 Dec 88 p 2

[Text] According to reliable sources, Panamanian officials are seriously concerned about the interference of the U.S. Southern Command newspaper, the TROPIC TIMES, in Panama's internal affairs and its open and active participation in national politics.

The same sources noted that a series of articles openly attacking our authorities have appeared in the weekly publication, which is widely distributed in the Canal area.

The Panamanian situation has been analyzed in numerous articles that are sprinkled with commentaries that offend our national dignity. The paper has carried many articles that support political sectors that have chosen subversion as the means to solve the national crisis.

The spokesmen stated that the TROPIC TIMES articles violate Articles II and V of the Torrijos-Carter Treaties and that Panama should request, through the required channels, that this new type of intervention be stopped.

Planning Minister on Need for Extensive Changes

PA0301042289 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jan 89 pp A-1, B-6

[Report by James Aparicio]

[Text] Gustavo Gonzalez, Panamanian planning and economic policy minister, told this newspaper yesterday that as long as U.S. economic aggression persists, Panama will have to continue "tightening its belt." He did not discard an eventual reduction of government employees' salaries and personnel.

"The truth is that in the face of diminishing income, it is reasonable to expect considerable adjustments," Gonzalez said, because government income is now an estimated 45 percent less as a result of the economic crisis the country is experiencing.

Although Gonzalez explained that the manner of making the adjustments "is under discussion," he said that "we will have to take one of the two (dismissals or salary reductions), and I would say both, in addition to others."

"It will be necessary to adjust the amount expended on government personnel," said Gonzalez, adding that the officials who do not do their work (sinecures) will have to be fired, "and we will continue decreasing the personnel expenses as deemed necessary," including complementary expenses such as per diem, travel, equipment rental, and rent.

Gonzalez said that in 1989, "the Panamanian people should reaffirm their willingness to resist the aggression" following the U.S. President-elect's announcement to continue imposing the economic sanctions against Panama.

Gonzalez said the social indexes fell dramatically, production of goods and services decreased 20 percent, government income has dropped 45 percent, and per capita income, which was about 2,000 balboas, dropped back to what it was in the 1970's.

However, Gonzalez said that 1988 [as published] began with a "reorientation of the principal economic parameters" with the opening of new markets and financing for domestic economic reactivation projects.

According to official figures, the country lost approximately $2 billion since the United States imposed economic sanctions in March 1988, and the Gross Domestic Product decreased 20 percent in an economy that was considered "healthy" and that grew at the rate of 2.9 percent in 1987.

Gonzalez said that countries such as France, Spain, Italy, the FRG, Taiwan, and Japan, among others, had been approached and had shown interest in financing Centropuerto [container terminal], the Arraijan Expressway, the Panama Railroad, the Transisthmian Expressway, an airfreight terminal in Tocumen, and a new bridge over the Canal.

Gonzalez explained that the search for new sources of economic ventures and cooperation forced the government to renew contacts with Central America, ALADI, SELA, Asia, and Europe.

However, at the end of last week, the National Federation of Public Employees, which comprises 150,000 public officials, rejected the measures being studied by the government, on the recommendation of Ministry of Planning and Economic Policy, the Ministry of Finance and Treasury, the General Comptroller's Office, and the Ministry of the Presidency.

According to Legislative Commission President Rigoberto Paredes, the proposed reduction in salaries entails amounts ranging between 3 and 10 percent, for salaries between $250 to $2,000.

Nonetheless, the government majority in the legislature rejected the proposed temporary measures, which would affect the government's relations with public employees, only 5 months away from the presidential elections of 7 May 1989.

Public Employees' Leader on Late Salary Payment

PA3012195188 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Dec 88

[Report on statements by Hector Aleman, secretary general of the National Federation of Associations of Public Employees; date and place not given]

[Text][Begin Aleman recording] We learned with surprise today that the government has decided to pay $75 [of public employees' salaries for the last 2 weeks of December] now and the rest on 6 January without consulting us. I would like to protest through the media that by doing this, the government is making decisions that are not conducive to a joint solution. As a result, we will not be able to convince people that we must seek a joint solution to the crisis.

At the same time, it demonstrates that the government has chosen to impose its measures, and this can only benefit the advocates of a government-employee confrontation. [end recording]

Referring to the measures soon to be implemented by the government, Hector Aleman said:

[Begin recording] I am about to deliver a document stating our position on this and other topics. The reduction of salaries is not a solution to the economic problem. Instead, it will create a recession because public employees' salaries represent one of the few sources of economic support for a society in a crisis such as ours.

A decrease in public employees' salaries will weaken the country's economy as a whole, and we do not believe that this is the way to solve the country's crisis, which will get worse. Consequently, we do not accept the reduction in our salaries. [end recording]

Workers Ask Palma for Tax Collection Extension

PA0301032889 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jan 89 pp 1, B-6

[Letter to Minister in Charge of the Presidency Manuel Solis Palma from four local trade unions; dated 19 December in Panama City]

[Text] Mr Minister in Charge of the Presidency:

Kindly receive from the canal area trade union representatives our heartfelt greetings. We wish to respectfully request from you that the attachment order proceedings against canal area Panamanian employees for recovering income tax be suspended for 1 month from this date to allow us to continue efforts through our Washington affiliate, the AFL-CIO, to get our members' taxes paid.

Mr Minister in Charge of the Presidency, our request is based mainly on our permanent concern over the welfare and tranquillity of the employees, who with their families are unjustly becoming innocent victims of the political conflicts between Panama and the United States.

Mr Minister in Charge of the Presidency, we expect your approval to this request as a goodwill gesture from the Panamanian Government.
[Signed] Rene Lioeanjie, vice president, District No 1 MEBA [expansion unknown]/National Maritime Union
Paul H Hurst, agent, International Organization Master, Mates, and Pilots
Sidney Richards, secretary general, American Federation of State, County, and Municipal Employees, Local 907
Arthur S Davis, president, Panama Area Metal Trades Council
Copies to: Legislator Aleman Boyd, chairman of the National Legislative Assembly's Treasury Commission
Legislator Lucho Gomez, chairman of the National Legislative Assembly's Canal Affairs Commission
Orville Goodin, finance and treasury minister

Chile

Pinochet Dismisses Charges Against Journalists

PY3112120088 Madrid EFE in Spanish 2017 GMT 30 Dec 88

[Text] Santiago, 30 Dec (EFE)—Chilean President General Augusto Pinochet has ordered that all charges filed with civilian and military courts against some 40 journalists be dismissed as of today.

This information was disclosed by Minister Secretary General of Government Miguel Angel Poduje, who noted that some 40 journalists being tried by military and civilian courts will benefit from this measure.

According to the communique, Pinochet has ordered that the trials, currently being heard in ordinary courts, be suspended.

The communique then states that the government wants those trials being heard in other courts to be concluded promptly.

The document ends by stating that "the government, through this measure, contributes with concrete measures to the spirit of unity that inspires it, thus contributing in an effective manner to national reconciliation."

Yesterday, 29 December, the president of the Journalists Association, Jaime Moreno Laval reiterated the request over a network of various radio stations that the government lift all restrictions that prevent journalists from fulfilling their task of informing in an accurate, timely, and pluralistic manner. He also noted that the government had promised to review these measures.

Moreno Laval added that: "However, the only satisfactory review of these measures is to eliminate them since today they are the reason, among others, for which more than 30 journalists are being tried. The incredible request for a 4-year sentence for one journalist has been made."

Communist Leaders Detained Under Security Law

PY0301004089 Santiago Domestic Service in Spanish 2200 GMT 2 Jan 89

[Text] Four high-ranking leaders of the outlawed PCCh have been detained on orders from Judge (Domingos Coqui). The leaders are reportedly charged with violating the National Security Law.

The detained PCCh members are: Americo Zorrilla, Guillermo Sherping, Jose Sanfuentes, and Mireya Baltra. They will not be held incommunicado. Zorrilla, Sherping, and Sanfuentes were taken to the Capuchinos jail, while Mireya Baltra was taken to the women's jail on Santa Rosa Street.

The leaders are charged with promoting violence, civil disobedience, and overthrow of the government. Other Communist leaders are also being questioned by Judge (Cosqui), who is investigating the activities of the clandestine political movement.

Interior Minister Regrets Cancellation of Meeting

PY0301012689 Santiago Radio Chilena Network in Spanish 2200 GMT 2 Jan 89

[Text] Interior Minister Carlos Caceres today regretted the Coalition of Political Parties for Democracy [CPPD] decision not to attend a meeting designed to seek an agreement to reform the Constitution at the Interior Ministry after the government forbid the participation of Luis Maira, Broad Party of the Socialist Left president.

Minister Caceres, who never refers to the CPPD by its name, calling them instead the Christian Democrats and other leftist parties, said the opposition decision was unfortunate for its unyielding willingness to maintain confusing political alliances with groups that are close to assuming violent positions instead of establishing a real dialogue with the government.

Caceres said he is concerned because the opposition that calls itself democratic was not able to make its positions prevail when confronted with the Marxist left. The minister added that the strategies of those who seek to disrupt the institutional order and establish a totalitarian model of society have once more prevailed.

[Begin recording] [Unidentified Interior Ministry spokesman] The interior minister regrets the decision of the coalition because it means it rejects the opportunity for a dialogue that could have been very fruitful and advantageous for the development of the current political process. This ministry will not answer the charges of alleged dubious intentions contained in the declaration of the opposition coalition because the government in no way wants to add to the disagreements prevailing in some political coalitions. [end recording]

The minister concluded by saying that he wants to state clearly that the government is ready and willing to talk with anyone who is really interested in improving the institutional process currently under way. The government will continue to seek the clear dialogue that our citizens demand, and the coherence that all sectors should have when applying the principles they claim to support.

Minister Caceres will not receive the leaders of the alliance of the center, which is in the process of being formed and is headed by German Riesco, because he will travel to the 9th Region with President Pinochet to ascertain the damages caused by the Lonquimay volcano.

PCCh Voices 'Satistaction'

PY0301000289 Santiago EL MERCURIO in Spanish 30 Dec 88 p C-2

[Text] Jose Sanfuentes, spokesman of the proscribed Communist Party, yesterday voiced his satisfaction over the aborted meeting between the interior minister and the Coalition of Political Parties for Democracy. Sanfuentes congratulated the opposiiton for refusing to engage in a dialogue and warned that "one should not trust dialogues with Pinochet's regime, because they do not lead to democracy."

Moreover, Sanfuentes said that only by exerting pressure on the government through a social mobilization will constitutional amendments be possible, and he harshly criticized the National Renewal Party for practicing a "two-faced" policy by only proposing superficial changes to the Constitution.

Sanfuentes said the government's dialogue proposal was merely a trap intended to divide the opposition and prompt some sectors to call for discriminations. However, the country has witnessed that the opposition does not tolerate discriminations, and that the dialogue with Pinochet's regime does not lead to democracy but that the government instead uses it as a political maneuver to gain an advantage and overcome its defeat of 5 October.

Sanfuentes believes that "in order to make the constitutional amendments possible, it is necessary to pressure the government with a united social mobilization of the entire Chilean opposition."

Referring to the statement of National Renewal Party Secretary General Andres Allamand, who attributed the failure of a possible dialogue to the Christian Democratic Party's "docile" attitude regarding the coalition's Marxist-Leninist left, Sanfuentes said that such proposals "confirm that the National Renewal Party is carrying out political maneuvers by practicing a 'two-faced' policy by only proposing superficial changes designed to leave the anti- democratic character of the Constitution intact, with the purpose of trying to drag the Christian Democratic Party into nefarious experiences such as the CODE [expansion unknown] during the Popular Unity."

PCCh's Corvalan Calls His Replacement 'Logical'

PY0201193589 Madrid EFE in Spanish 1348 GMT 2 Jan 89

[Text] Santiago, 2 Jan (EFE)—Luis Corvalan, top leader of the PCCh for 30 years who is currently in exile, has stated that he considers it "logical" that he be replaced as secretary general of his political organization, which has been outlawed by the military government of General Augusto Pinochet.

In an interview in the last issue of the PCCh mounthpiece EL SIGLO, he said: "I consider it logical that my replacement is being considered just before a national congress."

Corvalan, who has been living in Moscow since the 11 September 1973 coup that brought Pinochet to power, has mentioned former Deputy Gladys Marin, who is living in Chile, as possible new PCCh secretary general.

The PCCh will hold its national congress amid rejection by most sectors opposed to the military regime because of its insistance on the so-called "policy of popular rebellion of the mases."

Since December 1988 this PCCh policy has triggered new trials by the government against some of the main PCCh leaders.

The PCCh, proscribed by the military regime, is today celebrating its 67th anniversary.

In the interview, Corvalan added that he agrees with the position adopted by his party. He said that "there is no doubt that the national congress will ratify the policy of popular rebellion of the masses, and that it will be enhanced and strengthened after the congress."

El SIGLO, which is issued clandestinely, did not reveal the place where Corvalan was interviewed.

Bomb Explosion Injures 4 in Downtown Santiago

PY0101230689 Madrid EFE in Spanish 1542 GMT 1 Jan 89

[Text] Santiago, 1 Jan (EFE)—A bomb went off in downtown Santiago last night. It injured one person and caused ear damage to three other people.

The bomb went off a few minutes before midnight last night at the corner of Serrano Street and O'Higgins Avenue, in front of the Housing and Urbanization Ministry and 3 blocks from La Moneda Palace.

According to police sources, four passersby were injured by the explosion. One suffered serious bodily injuries and three others suffered serious ear traumas.

The windows of several nearby buildings were broken as a result of the explosion.

Terrorists Burn Bus, Driver in Santiago

PY3112175088 Santiago Domestic Service in Spanish 1600 GMT 31 Dec 88

[Text] Terrorist elements attacked and burned a bus at 2300 last night. The criminals then poured gasoline on the bus driver and burned him as well. The driver was abandoned on the street seriously injured.

Three terrorists attacked a bus covering the Maipu-Cerrillos route at the corner of Compania and Esperanza Streets in Santiago at 2300 last night. The bus, license No. F-6854, was driven by Agustin Lucero Tapia when the merciless and inhuman extremists attacked it. The terrorist sprayed the inside of the bus with gasoline, poured gasoline on the driver, and set both the driver and the bus on fire.

Lucero Tapia, was taken to the Central Hospital with serious burns. The bus was completely destroyed.

Peru

Senate Vice President To Attend Cuban Celebration

PY3112124288 Lima Television Peruana in Spanish 0100 GMT 31 Dec 88

[Text] Senate First Vice President Alfonso Ramos Alva will preside over the Peruvian delegation at the celebrations of the Cuban Revolution's 30th anniversary. The anniversary will be celebrated in Havana from 2 to 4 January.

The delegation will also be comprised of the vice president of the Chamber of Deputies Economy and Finances Committee, (Horrison Pardo Max).

President Denies Any Cabinet Reshuffle

PY3012135788 Lima Television Peruana in Spanish 0100 GMT 30 Dec 88

[Excerpt] The last cabinet meeting of the year was held today. The meeting began at 1300 and was presided over by President Alan Garcia Perez.

The president confirmed his full confidence in Armando Villanueva del Campo's cabinet and reportedly made a short assessment of the year's events, particularly in the economic area. [passage omitted]

Terrorists Cause Blackout; Emergency Extended

PY0201005489 Madrid EFE in Spanish 1931 GMT 1 Jan 89

[Text] Lima, 1 Jan (EFE)—The Maoist Shining Path terrorist group has again sabotaged New Year celebrations in Peru, leaving Lima and several other towns in the dark during a few hours before the end of the year.

Official sources have reported that, similar to last year, Lima and several other towns were left in the dark at 2000 last night as a result of the blowing up of many high-tension pylons of the Mantaro River hydroelectric system in the Peruvian central mountain chain.

On 31 December the Peruvian Government extended for 60 more days the state of emergency decreed in nearly 50 provinces of the 24 Peruvian departments, because of the terrorist activities in those provinces.

The blackout affected several districts of Lima, including the northern and southern districts, and downtown Lima. It also affected Callao and coastal towns between Chiclayo in the north and Ica in the south.

The state of emergency was extended in the Departments of Ayacucho, Apurimac, Huancavelica, Huanuco, Pasco, San Martin, Junin, and Lima, as well as Callao Port, where a total of more than 22 million Peruvians live.

In the state of emergency, individual constitutional guarantees, the inviolability of the home, freedom to travel within the country, freedom to enter or leave the country, and the right to gather in meetings are suspended. People can also be detained without a warrant.

The decree extending the state of emergency points out that the Armed Forces will continue to guarantee order in the regions where the state of emergency is enforced.

State Employees Stage National Strike

PY3012165988 Madrid EFE in Spanish 0354 GMT 29 Dec 88

[Text] Lima, 29 Dec (EFE)—State employees today staged a 24-hour strike to protest the disappearance of a union leader who had previously been arrested by the police.

The strike, partially supported by the 600,000 state employees throughout the country, affects ministries, hospitals, health centers, state banks, and several state companies.

The strike was called by the Confederation of Intersectorial State Workers (CITE) to demand the reappearance of Oscar Delgado, leader of the Customs Workers Union. The customs workers have been on strike since 9 December demanding better salaries.

Delgado disappeared 16 days ago after testifying before the Antiterrorist Directorate (DIRCOTE) in relation to the customs workers strike.

1988 Inflation Rate Totals 1,722 Percent

PY0201195889 Lima Television Peruana in Spanish 1800 GMT 2 Jan 89

[Summary] Economy Minister Carlos Rivas Davila today told Congress that the December 1988 inflation rate was 41.9 percent, and total inflation for 1988 reached 1,722 percent.

Uruguay

Sanguinetti Outlines Economic, Political Issues

PY3012194788 Montevideo EL DIA in Spanish 23 Dec 88 pp. 8, 9

[Excerpts] On 22 December President Julio Maria Sanguinetti said that the people will ratify the full stop law, because they will "basically uphold the principle of national pacification which, in our opinion, has given our country the stability that other nations have obtained only through difficult paths."

During a news conference with journalists accredited to the Libertad building, Sanguinetti outlined the main events of the year, mentioning economic, social and political issues. [passage omitted]

Sanguinetti, who emphasized the GNP growth this year, said that "if the government manages to maintain the deficit at its current level, and it will manage to do so, the inflationary trends will remain within normal margins."

"In the past 20 years, the inflation rate in Uruguay has reached approximately 60 percent. This means that our country, like almost all Latin American countries, suffers from endemic inflation.

"When we took power, the quarterly inflation rate was 100 percent. In other words, it was very high. At the end of our first year in office, in 1985, the inflation rate reached a little over 80 percent. The following year, the rate dropped to 70 percent, while last year it dropped to slightly less than 60 percent. We hoped to reduce it this year, but it was impossible because it returned to 1986 levels. "Obviously, this is not good, and we decided to fight it. We are fighting it with measures that are already yielding results. You saw that the inflation rate showed a significant drop last month. This month the drop will be even more significant.

"I would say that if the government manages to maintain the deficit at its current level, and it will manage to do so, the inflationary trends will remain within normal margins. We have to be very careful not to increase the deficit and not to let things get out of control as they would if we tried some measures that may later fuel inflation.

"We adopted different types of measures: cuts in public spending and public investments, the design of mechanisms to prevent occasional shortages from causing artificial basic commodity price increases, and the adoption of fiscal measures. These measures are already working and I am sure they will also work next year. We are concerned, though not distressed, about this, because we have seen a positive reaction in the market during the first month of implementing these measures. We feel, therefore, confident about 1989, because we have faith in the productive sector. Our solution will come only through increased production and increased exports. This is a healthy sector of our economy and it is a growing sector which we have to promote.

"In-depth solutions obviously call for the reduction of the deficit and for the reduction of the size of the administration. That will be the great battle for the next government." [passage omitted]

"Over the past 4 years we have managed to reduce the inflation that we inherited and to keep it under control. We are succeeding in controlling inflation and, most important of all, we are doing it with much more intense economic activity. For one thing, it is very difficult to stabilize a country without recession and without a reduction of economic activity. For another, it is also very difficult to promote production, the creation of jobs, and the increase of real salaries—as has happened in our country—without running the risk of fueling inflation.

"We have adopted a gradual, balanced policy which has allowed us to carefully use the variables. This is imperative for an inflationary process."

"That is why I say that the measures which we have taken are already yielding results. Next year we will surely see that the inflationary process will remain within the limits which we consider appropriate for maintaining the level of employment and the level of salaries in our country."

The president said that this year the GNP will remain at last year's level, or that it may register a 1-percent growth.

"It may be said that this is a modest increase. It is, but it is also true that this growth rate will mark another year of a succession of years in which the country's economy has been growing. After the last 3 years of the previous administration in which the GNP dropped, the country resumed the following economic growth: 6.6 percent in 1985, 5 percent in 1986, 4 percent in 1987, and 1 percent in 1988, which makes a total of 13 percent [as published]. I believe this is a very important growth rate for these 4 years, because very few Latin American countries have had the same growth rate. We managed to promote our growth despite the general recession in our region. Uruguay is not an island; we are in a region where both production and GNP have dropped. Concerning unemployment, there were no serious cases, but monthly levels varied. The basic fact is that unemployment was 14 percent in 1984, 13 percent in 1985, 11 percent in 1986, and 9.3 percent in 1987. This year the unemployment rate reached 9 percent and we would obviously like to continue reducing it. I believe conditions are appropriate to achieve this objective, as is shown by statistical figures and by all available studies." [passage omitted]

In response to a question by the TASS correspondent, the president said that "our foreign policy, which has been unanimously supported, commands respect and enjoys prestige."

Sanguinetti added that Uruguayan foreign policy is based on broadly pluralistic principles. "We do not condition our foreign policy on the type of government existing in a certain country," he said.

The president stressed that "we maintain close diplomatic and commercial ties with political systems that are very different from our own."

This year, he went on, "we visited the USSR and the PRC, the two large socialist powers, and this is a symbol of this political opening."

Sanguinetti said that "we are promoting trade" with both countries. "All parties have supported this position, which will remain unchanged because it has so far provided extraordinary results to our country," he added.

Venezuela

Lusinchi's New Year Address on Economic Problems

PA0201170089 Caracas Domestic Service in Spanish 0000 GMT 1 Jan 89

[Speech by President Jaime Lusinchi from the Miraflores Presidential Palace in Caracas on 31 December—recorded]

[Text] Friends throughout Venezuela: Today 31 December 1988, as during my previous years as president, I am very pleased to address Venezuela. And this December, I feel greater emotion and affection than previously, not only because this is my last year-end and New Year's message, but also because we can find achievements, an expression of goodwill, and a part of our lives, in each day that has passed.

On the last day of December, we usually pay tribute to time. Somebody said: I know what time is but I would not be able to explain its meaning to others. Time has many diverse meanings. We politicians relate it to life in a special way, which is why on certain occasions we talk about difficult, hard, or calm times.

In this sense, time is history. All countries, of the most diverse creeds and in the most remote locations, recognize a certain magical quality around Christmastime, which extends to New Year's Eve.

In all places there are attempts to achieve harmony and goodwill towards others and ourselves. As Venezuela's president, I have the privilege to do this for the last time. I wish you harmony, peace, and happiness in the new year, as I do for myself.

The year 1988 had a special impact on the lives and history of Venezuelans. At the same time that we reached 30 years of democratic rule, we reorganized the government in a civic process in keeping with the Constitution. This process was completed without any problems although some observations pertaining, for example, to its duration, were made.

For the time being, we will highlight its results. They are enough to reaffirm the democratic inclination of our country and people. We know democracy is imperfect. However, no other system has the characteristics and potential to achieve perfection and progress, and that applies even more in a country where pluralism is a vivifying reality.

We are not a closed or plutocratic society in which old oligarchies dictate the laws. We are an open society and must make it more open each day, if we are wise, to protect it from exploiters who under slogans of one kind or another would only guarantee themselves privileges and advantages.

Ours is a democracy of parties; we must preserve, modernize, and make our political parties more authentic and capable to perform their role as spokesmen of society. Our democracy must especially recognize the Supreme Electoral Council and the Armed Forces, which are bound by our law to guarantee the electoral process. The two institutions have fully complied with their legal duties.

This is, traditionally, the time to present reports, give accounts of personal achievements, and formulate wishes, plans, and resolutions at the personal level. However, we should also do this as a country; and in this collective reflection, we must unite without distinctions, discrimination, reservations, or distrust.

Ministers, heads of presidential offices, and presidents of autonomous institutions and state firms have given a full report of work done during 1988. However, in the context of my 5-year administration, allow me briefly to emphasize some of the achievements in 1988.

With satisfaction and optimism, we can report two basic indicators that measure the national recovery effort we have promoted during the period. These indicators are:

The 4.2 percent increase in our gross national product, which represents a 1 percent increase over last year. This consolidates the sustained and stable growth we have had during the past 4 years.

The other indicator is the 7 percent unemployment rate at the end of 1988. This means that the administration has created 1.189 million new jobs, which have absorbed the total increase in our workforce and decreased unemployment from 12.5 percent at the end of 1983 to the present figure of 7 percent.

We must also point out, as we believe it is a very important achievement, that the number of government employees is approximately the same as in 1984. The bureaucracy, as a percentage of the country's total workforce has been reduced from 22.5 percent to 18.7 percent during the 1984-1988 period.

At the end of this year we can also point to clear achievements in agriculture. The contributions made by the vegetable, animal, and fisheries sectors have helped our agriculture to grow 4.2 percent, consolidating a 24.54 percent production-value increase over the 1983 figure. In addition, this growth has allowed us to reduce food inmports and thus save foreign exchange. We continue to increase our agricultural land and increase productivity in the rural areas. Furthermore, our agricultural equipment [agrosoporte fisico] and the technological advances made in this sector show that our day-to-day efforts have affirmed our independence and confidence.

In the industrial sector we have had growth for the 4th consecutive year; capital producing activities grew 3.2 percent and service producing sectors by 4.3 percent. The rhythm of growth has continued in activities that produce transferable goods [bienes transables].

We are pleased to point out that the export of nontraditional goods strengthened in 1988. These exports grew approximately 31 percent, according to Venezuelan Central Bank estimates, totalling $1.516 million in 1987 and increasing to $1.985 million this year.

In the private investment sector we can report 1,181 projects where an estimated 56 billion bolivares will be invested and which will produce 54,000 new jobs. These indicators are evidence of the favorable conditions in the industrial sector.

In the field of tourism, with the support of all related organizations, the Venezuelan Tourism Corporation approved 109 projects and schemes by the private sector. When put into effect—as they soon will be—these will create 11,217 new housing units and generate 8,952 new jobs.

Inflation continues to be one of our basic problems because, although the inflation rate decreased almost 25 percent in 1988 compared to the rate in 1987, we are obliged to bring down inflation still further and hold it as low as possible. The need to increase supply and maintain demand at a reasonable level are the basic weapons in the fight against inflation, which should be a concern of all Venezuelans.

The construction industry maintained its growth—reaching 6.2 percent in 1988, compared with 4.3 percent in 1987—because of the industry's continued strength, both in the public and private sectors. It should be noted that construction plans necessary for national development were maintained, with education, health, and housing plans foremost. We made housing a priority at the beginning of my term and today we can boast that 423,312 houses were constructed during the period.

Concerning environmental matters in 1988, we addressed the vital need for water by inaugurating important projects. These include the Santiago Marino Dam of the Turmiquire system in the east; the Jose Felix

Espinoza Dam in Lara State; The Rafael Urdaneta Dam on the Machango River in Zulia State; the Manuel Palacio Fajardo Dam on the Masparro River in Barinas State; and the Coromoto Dam on the Tucupido River, which is connected with the Bocono Dam by a canal and together make up a large and new water system. The water volume stored in the latter three dams is more or less equal to the volume of Valencia Lake, which gives you an idea of its size.

We constructed the difficult last main stage of the Raul Leoni Dam on the Guri River, the basic public work of the period. We completed the important Leonardo Ruiz Pineda Dam on the Uribante River and advanced the work on the Lowell Soz˙ Dam on the Caparo River. We initiated the work on th Amana System on the border between Anzoategui and Monagas states. We advanced the construction of another seven dams throughout the country, an unprecedented task.

Finally, we obtained congressional approval to finance the continuation of the El Diluvio Dam, the development of the Maracaibo plains project, and the conclusion of the Yacambo water system, works of vital importance for Zulia and Lara states.

With special dedication we continue to make proper use of our forest resources and to preserve our enviroment with the creation of large national parks.

We continue advancing in education. Substantial achievements have been made in equipping, maintaining, and expanding schools and in new school construction. During my term we established 9-year compulsory education, extended the education of teachers, modernized the programs, decreased the rate of illiteracy from 11.8 percent in the 1983-1984 school year to 9.9 percent in the 1987-1988 school year, and increased student registration by more than 1.2 million at all education levels. We raised attendance rates significantly—to 92 percent for the first six grades of basic education. The quality of the system has been improved. Its administration is being decentralized and becoming more efficient. Education personnel have gained unprecedented benefits.

We created the national health system. Our reappraisal established first-aid, children's vaccination, and nutrition as its fundamental services. We expanded and improved medical and dental services and prevention in general, which is reflected in significant population and health statistics. For example, the rate of infant mortality decreased from 27.3 per 1000 live births in 1984 to 23 per 1000 in 1988.

Now, the overall mortality rate is between 4.7 and 4.2 per 1,000, and life expectancy is 70.1 years. All mortality rates, except for diabetes, dropped. The rates for enteritis and other diarrhea-related illnesses of great statistical importance dropped from 15.9 in 1984 to 11.7 in 1988.

In the building, manning, supplying, and repairing of the medical aid infrastructure we have made significant headway throughout the country. Social, cultural, science, and technology policies continued to improve during the year with satisfactory increases compared to the previous year, as the official reports have indicated.

As in previous years, our oil policies continued on track. Today, we look forward to improved results by placing ourselves in a perspective that enables us to prudently say it is better today than it has been during these last 3 years. Coal and petrochemicals have continued developing very satisfactorily. During 1988, mining grew 14.6 percent as a result of the government's new priority attention.

During 1988, the Venezuelan Corporation of Guyana extraordinarily grew and expanded its industry, enlarged its operating plants, created new enterprises, encouraging private participation, and especially emphasizing its improving the quality of life for the population in that important area of the country.

It is worth noting that during 1988 the following businesses were started: CVG Pulpa Orinoco, the Maturin glass factory, and the Guayana Agroindustrial Complex. MENORCA [expansion unknown] was enlarged. VENALUM [Aluminium Company of Venezuela, Inc.] started its fifth product line; ALCASA [Caroni Aluminum, Inc.] its fourth product line; and advances were made in the construction of the Macagua 2 dam. Guyana is a land with a future.

The Venezuelan Armed Forces continued their modernization process and increased attention to all personnel. When they needed to act to defend sovereignty, tranquility, and public interests, they have done so efficiently and with restraint, guided by the conviction that their basic mission is conserving peace without making any concessions over the country's vital needs. The Armed Forces' growing participation in development and the contribution they have given and continue to give to strengthen our democracy render them deserving of the national and international recognition they receive. They have known how to interpret the Venezuelan people's awarness of liberty, and this is very important.

Internationally, 1988 has been a year of relaxation of tension, particulary among the superpowers, where there is a new climate of understanding and confidence, which opens prospects for a new stage of cooperation between the countries unprecedented since World War II. Venezuela is pleased about this conquest of reason. If anything has been characteristic of our foreign policy during these last 30 years [as heard], it has been precisely to seek this climate.

As always, in the field of international relations, Venezuela has acted seriously, with serene firmness, a vocation for solidarity, a respect of laws, and a brave independence. We have tried to consolidate our relations with our allies and broaden the friendship with distant ones. My trip to Japan is a good example of this.

In Latin America, we consolidated the permanent mechanism for political consultation and agreement with Uruguay's second presidential summit. I feel particulary pleased over this experience and repeat the criteria that this is the path for our countries—to join efforts, to identify, and to harmonize positions.

Our foreign debt is an obligatory topic in the present circumstances prevailing in Venezuela. Throughout the year, we have felt ever more acutely the heavy burden posed by the enormous, spiralling debt that is payable on

demand, a debt that we inherited when we took over the government in 1984. We tried to organize and handle it as best we could in an attempt to restore lost confidence and stimulate the productive process. We took on the responsibility because it was unavoidable and urgent that we do so, and at the time, the international situation had not matured. The decision to assume this responsibility, which was rationally discussed and shared, bore fruit.

The consolidated decline in oil prices, the failure of the refinancing efforts so far by all the debtor countries, and the selfish lack of understanding and noncompliance of the creditor countries have placed us all in an unbearable situation that we can no longer tolerate and that must be resolved. We have worked continuously toward that end.

We have repeatedly broached the subject in very specific terms, both in the Latin American environment, especially in the Group of Eight and in the world arena, from the high tribunal of the United Nations, where I said on the last occasion: The problem of foreign debt today is strangling the economic and social development of most of the world's countries. The resolution of this problem is essential for the achievement of a fairer and more humane social development. We must begin to deal with it, realizing that we will resolve it forever only when we face its true causes and acknowledge the failure of the strategies used to date to cope with it.

Debts can never be paid by more indebtedness. The traditional system is obsolete, and the old way of doing things appears now as a repeated harmful and grotesque refrain.

One cannot remain rich for any length of time if that wealth is based on the ruin of others, especially in today's interdependent world. We have said that. In line with that position, which we outlined at the highest international tribunal, I have thought carefully about the steps to be taken in regard to this very delicate but very urgent matter. In the middle of the year, even though we were in the midst of an electoral process, I appointed a highly qualified mission to meet with the governments of the main creditor countries, specialized international agencies, and creditor banks, to obtain information from them, and to explain to them clearly and firmly the situation in which we had found ourselves as a result of their failure to keep their formally made promise to guarantee us new financing.

The mission fully accomplished its duties, and we have been working on the problem on a daily basis. Later, during the Group of Eight meeting held in Uruguay, I told my Latin American colleagues that there was an urgent need to find common ground to achieve an immediate reduction in the foreign debt interest payments and to obtain the constant and sufficient flow of resources needed for our development.

Recently, I once again sent—with the consent of the president-elect—personal delegates to make new contacts with some international organizations, the U.S. Government, and some creditor banks to inform them that Venezuela needed a substantial reduction in the interest payments on its foreign debt and an assurance that there would be new financing available as we had justly requested.

Now that the electoral process is over, I want to inform all Venezuelans today that I have instructed Finance Minister Hector Hurtado to officially notify creditor banks that beginning on 17 January 1989, we will suspend payments of all our foreign debt balances existing since 1983. We will request new talks for the purpose of reaching an agreement on the refinancing of the debt in such a way that it can be met by Venezuela without adversely affecting the country's development. The instructions have been given, the notification was sent, and the talks will be initiated in early January. This will pave the way for the overall restructuring of our foreign debt by the new administration.

At this point, I wish to comment on an aspect of our national life pertaining to certain government policies over the past few months. In fact, some people have complained we have wasted time by adopting basic adjustment measures in order to ensure a smooth running of our economy.

I must tell them and the country that we had seriously considered which steps to take. We were immersed in an electoral process. In all places, such processes influence behavior, alter an objective view of social projects, and subjects any initiative, regardless of how much it is needed, to frustrating controversies.

After comparing our criteria with those of local and international experts at that point in the process—in view of the special characteristics of Venezuela's economy and the recovery we were experiencing, which is confirmed by the results today—we concluded, for which we assume full responsibility, that the measures we deemed to be necessary should be part of an organic whole, the implementation of which demanded a consensus atmosphere that was impossible to achieve amid an election.

This is why we decided that this set of measures should be implemented by the government elected by Venezuelans in last December's elections. We believed that it was prudent to rid the incoming government of restrictions and allow it to work, I repeat, with an organic set of conditions setting forth a medium- and long-range plan containing policy reformulations in keeping with new economic realities. That is what we did and what we will continue doing until the end of our constitutional mandate.

In a month's time, we will be called to give a specific account of our actions before the Venezuelans. At that time, I will explain how difficult these times have been and how imperative it is to govern evenhandedly although people do not always understand this.

The country knows we ruled during a severe crisis. High interest rates on our heavy foreign debt, and petroleum revenues reduced to their minimum are the two factors

that defined this Venezuelan period. Nevertheless, without this being by any means a reflection of vain or inappropriate satisfaction, we managed to ride out the storm, as it is commonly said.

Verdicts will be diverse. Prophets of the past will say this or another path would have been better; if Cleopatra had had a bigger nose, so on and so forth, the world would have probably been different. History will in due time come up with the truth.

I say that 1988 was a special year because of many circumstances. The electoral process ended normally, but the challenges of the future, a future that is 1 day away, are impressive. All, with no exceptions, must keep in mind that the country that has given us a lot, the country that has been benevolent, will seriously need our help as in the past, when we were essentially a simple and poor country.

Beginning in 1989, and for some time, Venezuela will demand from each and every Venezuelan a certain spirit of sacrifice, systematic work, moderation in demands without demagoguery or selfishness, awareness of the reality and the immense risks, and above all, awareness of the most unavoidable risk we might face: the threat of an inflationary surge, which would be difficult to control later.

Nobody learns from someone else's mistakes, an old proverb says. However, in the area of economics, an attempt to do that would be our least costly option. There are plenty of examples. Thirty years of democratic regimes enlighten and teach us a lesson, give us pointers and warn us: We are living in difficult and demanding times within objectively complex conditions. Overcoming obstacles to a great extend goes beyond isolated efforts as persons or as a country.

For us, the time has come to make common efforts with a sense of greatness and patriotic unselfishness and to push aside the men of twisted minds and cowardly negative selfishness. The time has come for Venezuelans who think positively.

Compatriots: If at any time I have spoken harshly or warned about the difficulties lying ahead of us, I was in no way making concessions to pessimistic thought. Quite the contrary, I harbor a very profound and firm faith about the possibilities of Venezuela and its extraordinary ability to overcome difficulties.

A warning should not be confused with a prediction of uncertainties. Few countries have our capabilities and our human and natural resources. Overcoming obstacles is the order of the day. It is the best and healthiest objective that Venezuelans could formulate at this time; it is also the best tribute to our liberator, who was the man who faced difficulties.

This is my last new year's message as president of the republic. If I harbor any conviction, it is of having contributed in some way to consolidate our democratic and pluralist regime, defended the precious good of our social peace, and made serious efforts day after day to bring progress and ensure the social well-being of Venezuelans.

I have worked with a sense of balance in keeping with the mandate of my historical time. I have exercised my presidential mandate with absolute dedication, honest actions, and loyalty to the country and my principles. I recognize my mistakes that I have tried to rationally correct. We did what was possible. Governing is not an abstract action.

I was fortunate to have the encouragement and generous understanding of the people to whom I am committed. I am a lucky and thankful man. My presidential tenure is about to end. On 2 February 1989, I will hand over the symbols of the Venezuelan Presidency, during the seventh democratic transmision of power, to my old friend and companero, President Carlos Andres Perez. I wish him happiness and fervently hope that he will be a successful ruler.

I am eternally thankful to those who have helped me with so much sacrifice, intelligence, and sense of service; I wish good health to all peoples of America and the world; I wish peace and happiness to all Venezuelans and all those who coexist with us. Thank you very much for having accompanied us. [applause]

Guyana

Cabinet Reshuffled; Two Ministries Dropped

FL0201124089 Bridgetown CANA in English 2051 GMT 1 Jan 89

[Text] Georgetown, Guyana, Jan 1, CANA—The Guyana Government announced a major cabinet reshuffle Sunday, which sees two ministries abolished, some ministers re-assigned, and three women appointed ministers.

The state-run GUYANA CHRONICLE newspaper on Sunday carried President Desmond Hoyte's New Year message in which he announced he was abolishing the controversial Ministry of National Mobilisation and the Ministry of Forestry. Hoyte also said he was assuming responsibility for matters relating to public information.

The National Mobilisation Ministry has been consistently criticised by the opposition parties, which said it was operated as an arm of the ruling Peoples National Congress.

Hoyte trasferred to his office Vice-President Ranji Chandisingh, the national mobilisation minister, as well as senior minister of information and the public service, Yvonne Harewood-Benn.

Hoyte said his reorganisation of a number of ministries and reassigning of others was to make the governmental system more responsive to requirements of the country's economic recovery programme and strengthen the capabilities for more effective action.

A Ministry of Information release said the forestry minister's responsibilities will be given to the Guyana National Resources Agency. The Ministry of Education and Social Development will absorb the responsibility of the Ministry of National Mobilisation for Matters Relating to the Well-Being of Women, Young Persons, and Children and Their Development and Advancement, the

CHRONICLE reported, quoting an Information Ministry release. The ministry will also be responsible for national events and ceremonies for the administration of the social impact amelioration programme, which is part of the government's economic recovery programme.

Vice-President Chandisingh, who is also deputy leader of the ruling party, will now operate out of the Office of the President. He will have special responsibility "for ensuring the effective co-ordination of public sector agencies within the governmental administration system and monitoring the efficiency of the system." He will also undertake specific assignments made by the president and generally assist the president.

Vice-President Viola Burnham, formerly responsible for education and social development, will assume responsibility for the new Ministry of Culture and Social Development. She will be assisted by Jean Persico, formerly permanent secretary in the Ministry of Education, who has been promoted to the rank of minister of state in the Ministry of Cultural and Social Development.

Deryck Bernard, formerly minister in the Ministry of Education, has been appointed minister of education. Dr Faith Harding, formerly minister of state in the Ministry of Planning and Development, has been promoted to the post of minister and will assume responsibility for the Public Service Ministry.

Stella Odie-Alli, formerly minister of state in the Ministry of Home Affairs, has been promoted to the post of minister and become minister of home affairs.

Seeram Prashad, senior minister of labour and cooperatives, has been reassigned senior minister in the Ministry of Planning and development and retains his position as a member of the cabinet.

Dharamdeo Sawh, formerly minister responsible for forestry, has been reassigned minister in the Ministry of Public Utilities to work with Deputy Prime Minister Robert Corbin.

Urmia Johnson, the minister in the Ministry of National Mobilisation, has been reassigned minister within the Ministry of Regional Development.

Yvonne Harewood-Benn, formerly minister of information and public service, has been reassigned to the post of senior minister in the Office of the President. She will have "special responsibility for public interest matters and the problems which the general public experiences in the supply of basic commodities and services." Harewood-Benn will also assist the president with special assignments.

Dr Gowkarran Sharma, formerly minister in the Office of the President, has been appointed minister of labour and co-operatives and a member of the cabinet.

Also appointed a member of the cabinet was Jeffrey Thomas, senior minister or regional development.

New Information Agency

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1442 GMT 30 Dec 88

[Excerpt] Georgetown, Guyana, Dec 30, CANA - Guyana's Information Ministry will be dissolved and replaced by a new agency, President Desmond Hoyte announced here.

"The drafting instructions are with the law officers and the deadline we have for establishing this new entity is first February next year," Hoyte told a press conference.

He had announced in February this year that the states' information systems would be radically restructured to ensure that Guyanese are better informed about developments in Guyana. The details of the structure and scope of operations of the new entity have not yet been made public. But according to communications consultant Kit Nascimento, who has played a leading role in designing the new arrangements, the main intention is to take the government's information services out of its current traditional public service mould and professionalise them in a manner similar to what was done in Jamaica. [passage omitted]

IMF Loan Delayed; Foreign Debt Key Problem

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[By Courtney Gibson]

[Text] Georgetown, Guyana, Dec 29, CANA—Guyana has run into snags which will delay the conclusion of a loan programme with the International Monetary fund (IMF) until possibly the middle of 1989, President Desmond Hoyte disclosed here Thursday.

Both Hoyte and Finance Minister Carl Greenidge spent more than an hour explaining to newsmen the circumstances which prevented an IMF-Guyana agreement from being finalised before yearend as envisaged by the government. They said a key difficulty was the failure of the international financial community to deal with Guyana's foreign debt, estimated at some U.S.1.7 billion dollars.

Without disclosing details, the president said that there must necessarily be some changes in the figures of Guyana's policy framework paper, which contains the government's Economic Recovery Programme (ERP), of which the IMF agreement is the centerpiece. This document has been considered by the IMF and the World Bank.

Also contributing to the delay were recent elections in the United States and Canada.

The November 21 elections in Canada, one of the bilateral donors which has undertaken to play a lead role in coordinating efforts to mobilise the required financial resources for Guyana's ERP, contributed to some slackening in the momentum, as officials failed to get political directions from ministers who were out on the hustings.

Also, Hoyte said, West Germany, which has indicated it will support Guyanas programme, now needed to seek parliamentary approval for the aid funds, since Guyana was not originally on the list of countries that benefit from Bonn's assistance.

"The hurdles (yet to be cleared) have nothing to do with the fund itself, the hurdles have to do with putting in place the financing which has to go along with the programme", the Guyanese president explained.

Greenidge said the multilateral financial institutions have not yet really got in place an arrangement for properly dealing with the question of Guyana's debt and countries such as Guyana that are seriously indebted to these institutions and which are not in a position to repay their arrears are in difficulty.

"If you owe the institutions you are not in a position to talk to them about a programme; if your are not in a position then the bilateral donors would want to say to you, well we can't help you until such time as you are in good standing with these multilateral institutions," Greenidge explained.

Greenidge said that a western financial meeting in Berlin in October was supposed to have addressed and resolved the problem, but had not come up with a definitive solution, although some suggestions had been made and these have now been pursued and explored.

Because of the delay, Guyana's 1989 budget, usually presented in January or February, is now expected to be deferred to about March, Hoyte said.

Of Guyana's external debt U.S.1.2 billion dollars is due owing and payable or will become so very soon.

The government, in keeping with its policy framework paper submitted to the fund and the World Bank late last year and subsequently endorsed by them, is seeking financial inflows totalling some U.S.550 million dollars.

Meanwhile, Hoyte announced that next meeting Guyana's western support group is scheduled to be held in Washington on January 10.

"We hope that after that meeting all elements of the financing arrangements will be in place and the stage would be set for the early finalisation of the fund arrangement," Hoyte told reporters.